

Tracking for the List of 13 MWG Considerations – PE Related and Other

Original exposure of 13 considerations: March 16, 2022

Consideration	Update Date	Update Date	Update Date	Update Date	Update Date	Update Date	2024 Spring National Meeting Update	2024 Summer National Meeting Update
1. Holding Company Structures:	8/4/2022	3/22/2023	3/22/2023	6/15/2023	7/12/2023	12/11/2023		
Regulators may not be obtaining clear pictures of risk due to holding	Sent a referral for new work to the Group Solvency Issues (E)	GSIWG Update: The GSIWG plans to discuss this issue at		GSIWG Update: The GSIWG formed a		GSIWG Update: B. Jenson 12-11-23	RFSWG Update: 1-29-24	RFSWG Update: 7-16-24
companies structuring contractual agreements in a manner to avoid	Working Group.	its Dec. 14 meeting to determine next steps in addressing the		drafting group to develop best practices for		In November 2023, the GSIWG adopted	The RFSWG finalized updated guidance on regulator	The RFSWG met at the 2024 Spring National Meeting an
regulatory disclosures and requirements. Additionally, affiliated/related party agreements impacting the insurer's risks may be structured to		referral.		regulatory review in this area. The drafting group has met multiple times and continues		regulator-only sound practice guidance for	review and monitoring of affiliated services at the NAIC's 2022 Summer National Martine, This middaes are	finalized proposed guidance for both the Analysis and Examination Handbooks related to affiliated investment
word disclosure (for example, by not including the insurer as a party				to work on the development of written best		use in reviewing complex ownership structures of insurers (see attached PDF).	2023 Summer National Meeting. This guidance was subsequently adopted for inclusion in the 2024	management agreements and services. The updated
o the agreement).				practices. After the best practices are		The Sound Practices document has been	publications of the NAIC's Financial Analysis Handbook	guidance was subsequently adopted by the respective
				developed, the drafting group will consider		posted to StateNet for regulator review and	and Financial Condition Examiners Handbook. At that	handbook working groups and will be included in the 202
				whether any should be proposed for		use.	same meeting, the RFSWG formed an Affiliated	publications.
				inclusion in NAIC Handbooks or other			Investment Management Agreement drafting group to	
				action should be considered.		In addition, the GSIWG referred proposed	develop more specific guidance for use in reviewing	
						additions to the NAIC's Financial Analysis Handbook to the Financial Analysis Solvency	investment advisory services provided by an affiliate. The Drafting Group plans to present proposed handbook	
						Tools (E) Working Group for further	guidance to the RFSWG for review at the NAIC's Spring	
						consideration in 2024. These edits include	2024 National Meeting.	
						additional Form A (Change of Control)		
						review procedures, as well as new guidance		
						for use by regulators in evaluating Disclaimer of Control/Affiliation filings. See the		
						attached Word docs for the referral to		
						FASTWG, as well as the proposed		
						Handbook edits. These documents will be		
						exposed for public comment by FASTWG in		
						2024 and then adopted for inclusion in the		
						2025 FAH.		
						Finally, the Risk-Focused Surveillance (E)		
1						Finally, the Risk-Focused Surveillance (E) Working Group has formed an Affiliated		
1						IMA Drafting Group to discuss the		
						development of additional guidance related		
	1		1			to regulator review of affiliated investment		
	1		1			management agreements and related services		
						The Drafting Group is currently developing		
2. Ownership and Control:								
Control is presumed to exist where ownership is >=10%, but control and conflict of interest considerations may exist with less than 10%	Sent a referral for new work to the Group Solvency Issues (E) Working Group.	GSIWG Update: The GSIWG plans to discuss this issue at	1	GSIWG Update: The GSIWG formed a		See update above that covers this topic as	See update on #1 above that covers this topic as well.	RFSWG Update: 7-17-24 The RFSWG met at the 2024 Spring National Meeting and
and conflect of interest considerations may exist with less than 10% ownership. For example, a party may exercise a controlling influence	working Group.	its Dec. 14 meeting to determine next steps in addressing the referral.		drafting group to develop best practices for regulatory review in this area. The drafting		weit		The RFSWG met at the 2024 Spring National Meeting and finalized proposed guidance for both the Analysis and
over an insurer through Board and management representation or		rejerrui.		group has met multiple times and continues				Examination Handbooks related to affiliated investment
contractual arrangements, including non-customary minority				to work on the development of written best				management agreements and services. The updated
shareholder rights or covenants, investment management agreement				practices. After the best practices are				guidance was subsequently adopted by the respective
(IMA) provisions such as onerous or costly IMA termination				developed, the drafting group will consider				handbook working groups and will be included in the 2025
provisions, or excessive control or discretion given over the investmen	4			whether any should be proposed for				publications.
strategy and its implementation. Asset-management services may need				inclusion in NAIC Handbooks or other action should be considered.				
to be distinguished from ownership when assessing and considering controls and conflicts.				action should be considered.				
controls and continets.								
3. Investment Management Agreements (IMAs):		PROPERTY IN THE PROPERTY IN THE PARTY		PROPIO I L. TL PROPIO				
The material terms of the IMA and whether they are arm's length or include conflicts of interest —including the amount and types of	Sent a referral to the Risk-Focused Surveillance (E) Working Group to add this consideration to existing work	RFSWG Update: The RFSWG received and discussed this referral during its Nov. 1 interim meeting. During the meeting,		RFSWG Update: The RFSWG is nearing the completion of its project to update			RFSWG Update: 1-29-24 The RFSWG formed an Affiliated Investment	RFSWG Update: 7-16-24 The RFSWG met at the 2024 Spring National Meeting and
investment management fees paid by the insurer, the termination	involving affiliated agreements and Form D filings. Also sent	the RFSWG agreed to defer further work on this issue until its		general guidance in NAIC handbooks related			Management Agreement drafting group to develop more	finalized proposed guidance for both the Analysis and
provisions (how difficult or costly it would be for the insurer to	a referral to the Valuation of Securities (E) Task Force	ongoing project to update general guidance in NAIC		to affiliated service agreements, which is			management representation and any proop to develop more	
terminate the IMA) and the degree of discretion or control of the	(VOSTF) to highlight the regulatory discussion involving	handbooks related to affiliated service agreements is completed					specific guidance for use in reviewing investment advisory	Examination Handbooks related to affiliated investment
investment manager over investment guidelines, allocation, and				expected to be completed by the 2023			specific guidance for use in reviewing investment advisory services provided by an affiliate. The Drafting Group plans	Examination Handbooks related to affiliated investment management agreements and services. The updated
J J J J J J J J J J J J J J J J J J J	topics it administers.	in early 2023.		expected to be completed by the 2023 Summer National Meeting. After the general			services provided by an affiliate. The Drafting Group plans to present proposed handbook guidance to the RFSWG	Examination Handbooks related to affiliated investment management agreements and services. The updated guidance was subsequently adopted by the respective
decisions.		in early 2023.		expected to be completed by the 2023 Summer National Meeting. After the general guidance is completed, the Working Group			services provided by an affiliate. The Drafting Group plans	Examination Handbooks related to affiliated investment management agreements and services. The updated
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decisions.		in early 2023.		expected to be completed by the 2023 Summer National Meeting. After the general guidance is completed, the Working Group plans to begin work on more targeted guidance related to affiliated investment			services provided by an affiliate. The Drafting Group plans to present proposed handbook guidance to the RFSWG	Examination Handbooks related to affiliated investment management agreements and services. The updated guidance was subsequently adopted by the respective
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lecisions. 1. Owners of Insurers with Short-Term Focus and/or Unwilling to	topics it administers.	in early 2023. VOSTF: discussed the referral and decided RFSWG was in		expected to be completed by the 2023 Summer National Meeting. After the general guidance is completed, the Working Group plans to begin work on more targeted guidance related to affiliated investment			services provided by an affiliate. The Drafting Group plans to present proposed handbook guidance to the RFSWG	Examination Handbooks related to affiliated investment management agreements and services. The updated guidance was subsequently adopted by the respective
4. Owners of Insurers with Short-Term Facus and/or Unwilling to Support a Troubled Insurer: Owners of insurer, regardless of type and structure, may be focused	topics it administers.	in early 2023. VOSTF: discussed the referral and decided RFSWG was in	LATF Update: Asset adequacy analysis requirements in	expected to be completed by the 2023 Summer National Meeting. After the general guidance is completed, the Working Group plans to begin work on more targeted guidance related to affiliated investment			services provided by an affittine. The Drafting Group plans to present proposed handbode gailance to the RFSWG for review at the NAIC's Spring 2024 National Meeting. RFSWG Update: 1-29-24	Examination Handbooks related to affiliated investment management appreemants on services. The updated guidance was subsequently adopted by the respective machine the service of the service of the service publications. RFSWG Update: 7:16-21
decisions. 4. Oracco of Insurers with Short-Term Focus and/or Unvilling to Support a Toushfed Insurer: Owners of insurers, regardless of type and structure, may be focused to short-term results which may not be in adjament with the long-	topics it administers.	in early 2023. VOSTF: discussed the referral and decided RFSWG was in the best position to address this concern. RFSWG Update: The RFSWG received and discussed this reformal during its Nov. 1 metrim meeting. During the	NAIC Model #820 and VM-30 require that company	expected to be completed by the 2023 Summer National Weeting. After the spenral guidance is completed, the Working Group plans to begin work on more targeted guidance related to affiliated investment management agreements. LATF Update 6/23: Actuarial Guideline 53 – Application of the Valuation Manual for			services provided by an affittine. The Drafting Group plans to present proposed handhoods gaitance to the RFSWG for review at the NAIC's Spring 2024 National Meeting. RFSWG Update: 1-29-24 The RFSWG Update: 1-29-24	Examination Handbooks related to affidited investment management apprecession and services. The updated guidance was subsequently adopted by the respective handbook working groups and will be netaded in the 2025 publications. RFSWC Update: 7-16-24 The RFSWG met at the 2024 Spring National Meeting and
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An an enginement is the Adv area in the other and the advelopment of additional guidance on the advector of additional guidance on the advector of additional guidance on the advector profers. A strateguidance is the Adv adv Strateguidance and adv Adv Strateguidance is the Adv adv Strateguidance and the Strateguidance is the Adv adv Strateguidance and the advector profers. A strateguidance is the Adv adv Strateguidance and the advector adv Strateguidance advector and AdV at a strateguidance and the advector the Strateguidance and the Adv Strateguidance and the advector and the advector and the Adv Strateguidance and the advector advector and the Adv AdV adv advector and the Adv AdV advector and the Adv AdV advector and the Advector and the Advector advector and the Advector and the Advector and the Advector and the Advector advector and the Advector advector and the Advector a
4. <u>Ovners of Insurers with Short-Term Focus and/or Unvilling to Support a Traubled Insurer:</u> Support a Traubled Insurer: Owners of insurers, regardless of type and structure, may be focused on short-term results which may not be in alignment with the long- term nature of liabilities in file products. For example, investment management fees, when not far and reasonable, paid to an affiliate of the owner of an insurer may effectively act as a form of unsultaborized divident in addition to reducing the insurer's overall investment terms. Smithly, owners of insurers may not be willing to transfer	topics it administers. Sent a referral to the Risk-Focused Surveillance (E) Working Group to add this consideration to existing work moving affiliated approxemation affects. Also sure acternate to the Life Formation of the Institution of the section of the sect	in early 2023. VOSTF: discussed the referral and decided RFSWG was in the best position to address this concern. RFSWG Liphate: The RFSWG received and duccursed the referral daring its Nov. 1 having meeting, During the meeting, the RFSWG ingred to differ there work on this tissue until to ongoing project to update general agulance in NUCL handhook returado to antificiate serve agreements to NUCL handhook reture agurements the	NAIC Model 1820 and VM-30 require that company Appointed Actuaries perform testing to ensure that the reserves held for the company's liabilities are adequate in light of the assets supporting the business. Regulators review associated company Statements of Actuarial	expected to be completed by the 2023 Summer Naional Weeting, After the general guidance is completed, the Working Group Jans to begin work on more targeted guidance related to affiliated any estimate management agreements. LATF Update 6/23: Actuarial Guideline 51 - Application of the Valuation Manual for Tosting the Adequacy of Life Insurer Reserves (AG 53) became effective for year- end 2022. AG 53 requires additional disclosures related to life insurance and annuity company investment return samurptions for complex and high yielding assets. Regulators are conducing targeted reviews of the AG 53 disclosures to ensure that company investment returns for complex and high-yielding assets are not overly			services provided by an affittine. The Drafting Group plans to present proposed handbodg galance to the RFSWG for review at the NAIC's Spring 2024 National Meeting. RFSWG Update: <i>1</i> -29-24 Rev EFSWG formed an Affittined Involution Management Agreement Afriting group to develop guidance related to the reasonableneos of avectment management forse. Proposed guidance on this topic in expected to be discussed at the Spring 2024 National Meeting. In Addition, the RFSWG referred the considerations related to capital maintenance agreements over to the Financian Langlus Schwerter Oals Working Group. LATEVANG Update: 12-1-23 AG 53 reviews are in progress and locus on 4 areas related to the consideration of a postrail coefficie of atteest of ST owners and an insurance co. The 4 areas are: "Anglu net yield a symptotic	Examination Handbooks velated ou affiliated investment imangement approach and services. The updated gailance was subsequently adopted by the respective inhabots working groups and will be included in the 2025 publications. RFSWC Update: 7-16-24 The RFSWC Grout at the 2025 Sprain National Meeting and Endinged proposed gailance for both the Analysis and Examination Handbooks related to affiliated avecantic finding of proposed gailance for both the Analysis and Examination Handbooks related to affiliated avecantic publications. In Addition, the RFSWC referred issues related to amplian motics and capital maintenance agreements to the Financial Mayline was subsequently adopted by the respective handbook working groups and will be included in the 2025 publications. The FSSTW Addition gailance for both the Financial The FSSTW Addition gailance for the gailance as As a result of the call, the Working Group agreed to form. LATFYAVCU Update: 7-2-24 Reviews of AdS 3 tractor for systement of additioning givinnee in this area. LATFYAVCU Update: 7-22-24 Reviews of AdS 3 tractor for systement of additional guidance: in this area.
4. <u>Owners of Insurers with Short-Term Focus and/or Unvilling to Support a Toubled Insurer:</u> Support a Toubled Insurer: Owners of insurers, regardless of type and structure, may be focused on short-term results which may not be in alignment with the long- mature of liabilities in file products. For comple, investment management fees, when not far and reasonable, paid on an affiliate of the owner of an insurer may effectively acts as a form of unsultabilities divident in addition to reducing the insurer's overall investment terms. Samilely, owners of insurers may not be willing to transfer	topics it administers. Sent a referral to the Risk-Focused Surveillance (E) Working Group to add this consideration to existing work moving affiliated approxemation affects. Also sure acternate to the Life Formation of the Institution of the section of the sect	in early 2023. VOSTF: discussed the referral and decided RFSWG was in the best position to address this concern. RFSWG Liphate: The RFSWG received and duccursed the referral daring its Nov. 1 having meeting, During the meeting, the RFSWG ingred to differ there work on this tissue until to ongoing project to update general agulance in NUCL handhook returado to antificiate serve agreements to NUCL handhook reture agurements the	NAIC Model 1820 and VM-30 require that company Appointed Actuaries perform testing to ensure that the reserves held for the company's liabilities are adequate in light of the assets supporting the business. Regulators review associated company Statements of Actuarial	expected to be completed by the 2023 Summer Naional Weeting, After the general guidance is completed, the Working Group Jans to begin work on more targeted guidance related to affiliated any estimate management agreements. LATF Update 6/23: Actuarial Guideline 51 - Application of the Valuation Manual for Tosting the Adequacy of Life Insurer Reserves (AG 53) became effective for year- end 2022. AG 53 requires additional disclosures related to life insurance and annuity company investment return samurptions for complex and high yielding assets. Regulators are conducing targeted reviews of the AG 53 disclosures to ensure that company investment returns for complex and high-yielding assets are not overly			services provided by an affittine. The Drafting Group plans to present proposed handbodg galance to the RFSWG for review at the NAIC's Spring 2024 National Meeting. RFSWG Update: <i>1</i> -29-24 Rev EFSWG formed an Affittined Involution Management Agreement Afriting group to develop guidance related to the reasonableneos of avectment management forse. Proposed guidance on this topic in expected to be discussed at the Spring 2024 National Meeting. In Addition, the RFSWG referred the considerations related to capital maintenance agreements over to the Financian Langlus Schwerter Oals Working Group. LATEVANG Update: 12-1-23 AG 53 reviews are in progress and locus on 4 areas related to the consideration of a postrail advoctic of atteents of ST owners and an insurance co. The 4 areas are: "Anglu net yield a symptotic	Examination Handbooks velated ou affiliated investment imangement agreement and services. The updated gailance was subsequently adopted by the respective influences was ubsequently adopted by the respective handbook working groups and will be included in the 2025 publications. RESWEC Dydate: 7-16-24 The RESWOS (prate at the 2024 Spring) National Meeting and finitude proposed gailance for both the Analysis and Examination Handbooks related to affiliated avostment inguinnees una subsequently adopted by the respective gailance was subsequently adopted by the respective publications. In addition, the RESWG referred issues related to marphas notes and capital minimum and the second to the Financial Analysis Schwarz (2004 (E)) Working Group. EASTWG Update: 7-16-24 The FASTWG Update: 7-16-24 The FASTWG Update: 7-16-24 Resistive At an expension to the site adopted to the analysis networking anglisms notes and capital maintenance agreement of additioning gaintene for traject do discuss the Resistive At an expension to the site additionation us in reviewing anglisms notes and capital maintenance agreement of additional gaindene for traject do discuss for additional gaindnee for traject do discuss the additional gaindnee for traject do discuss for additional gaindnee in this sec.
4. <u>Ovners of Insurers with Short-Term Focus and/or Unvilling to Support a Traubled Insurer:</u> Support a Traubled Insurer: Owners of insurers, regardless of type and structure, may be focused on short-term results which may not be in alignment with the long- term nature of liabilities in file products. For example, investment management fees, when not far and reasonable, paid to an affiliate of the owner of an insurer may effectively act as a form of unsultaborized divident in addition to reducing the insurer's overall investment terms. Smithly, owners of insurers may not be willing to transfer	topics it administers. Sent a referral to the Risk-Focused Surveillance (E) Working Group to add this consideration to existing work moving affiliated approxemation affects. Also sure acternate to the Life Formation of the Institution of the section of the sect	in early 2023. VOSTF: discussed the referral and decided RFSWG was in the best position to address this concern. RFSWG Liphate: The RFSWG received and duccursed the referral daring its Nov. 1 having meeting, During the meeting, the RFSWG ingred to differ there work on this tissue until to ongoing project to update general agulance in NUCL handhook returado to antificiate serve agreements to NUCL handhook reture agurements the	NAIC Model 1820 and VM-30 require that company Appointed Actuaries perform testing to ensure that the reserves held for the company's liabilities are adequate in light of the assets supporting the business. Regulators review associated company Statements of Actuarial	expected to be completed by the 2023 Summer Naional Weeting, After the general guidance is completed, the Working Group Jans to begin work on more targeted guidance related to affiliated any estimate management agreements. LATF Update 6/23: Actuarial Guideline 51 - Application of the Valuation Manual for Tosting the Adequacy of Life Insurer Reserves (AG 53) became effective for year- end 2022. AG 53 requires additional disclosures related to life insurance and annuity company investment return samurptions for complex and high yielding assets. Regulators are conducing targeted reviews of the AG 53 disclosures to ensure that company investment returns for complex and high-yielding assets are not overly			services provided by an affittine. The Drafting Group plans to present proposed handbodg galance to the RFSWG for review at the NAIC's Spring 2024 National Meeting. RFSWG Update: <i>1</i> -29-24 Rev EFSWG formed an Affittined Involution Management Agreement Afriting group to develop guidance related to the reasonableneos of avectment management forse. Proposed guidance on this topic in expected to be discussed at the Spring 2024 National Meeting. In Addition, the RFSWG referred the considerations related to capital maintenance agreements over to the Financian Langlus Schwerter Oals Working Group. LATEVANG Update: 12-1-23 AG 53 reviews are in progress and locus on 4 areas related to the consideration of a postrail advoctic of atteents of ST owners and an insurance co. The 4 areas are: "Anglu net yield a symptotic	Examination Handbooks velated ou affiliated investment imangement approach and services. The updated gailance was subsequently adopted by the respective inhabots working groups and will be included in the 2025 publications. RFSWC Update: 7-16-24 The RFSWC Grout at the 2025 Sprain National Meeting and Endinged proposed gailance for both the Analysis and Examination Handbooks related to affiliated avecantic finding of proposed gailance for both the Analysis and Examination Handbooks related to affiliated avecantic publications. In Addition, the RFSWC referred issues related to amplian motics and capital maintenance agreements to the Financial Mayline was subsequently adopted by the respective handbook working groups and will be included in the 2025 publications. The FSSTW Addition gailance for both the Financial The FSSTW Addition gailance for the gailance as As a result of the call, the Working Group agreed to form. LATFYAVCU Update: 7-2-24 Reviews of AdS 3 tractor for systement of additioning givinnee in this area. LATFYAVCU Update: 7-22-24 Reviews of AdS 3 tractor for systement of additional guidance: in this area.

5. Operational, Governance and Market Conduct Practices:	1	1	I		1 1		
Operational, government and mentic conduct practices being models by the different provision and been of numeric coparing processed by entrain into the instance market without prior insurance experience, including but not limited on. JF coverus, For excurple, a relance on TPAs due to the acquiring firm's lack of experime may and a sufficient to administre the business. Such practices could lead to lapse, early surrender, and/or exchanges of contracts with in the money guarantees and other important policyholder coverage and benefits.	The MVG will keep developing more specific suggestion before ladely reference in some sector of the Risk-Focused Surveillance (E) Working Group.	MIPG (Ighate: No new action has occurred for this consideration as the regulators have focused on the reinsurance consideration.		MWG Update: No new action has occurred for this consideration as the regulators have focused on the reinsurance consideration.		WWG Update: No new action has eccurred for this consideration on the regulators have focused on the removing consideration.	MWG tipdate: No new action has occurred for this consideration as the regulators have focused on the minumec consideration.
6. Definition of Private Equity (PE):							
a presentation of FTrans Viete accepted definition of PE and challenges in maintaining a complete list of insurers' material relationships with PE froms. (UCAA (National Treatment Wild) deak with some items related to PE). This definition may not be required as the considerations included in this document are applicable across imarance ownership types.	The MWG determined it was not feasible to determine a definition. Therefore, no further work on this consolidation shall be conducted and is considered closed or resolved.					Closed-item considered and addressed.	Closed-item considered and addressed.
7. Identifying Related Party-Originated Investments (Including							
Structured Securities): The lack of identification of related party-originated investments (including structured securities). This may create potential conflicts of interests and excessive and to hidden fees and the portfolia structure, as assets created and managed by affiliates may include fees at different related and managed by affiliates may include fees at different elses of the value chair. For example, a CLO which is managed of structured by a related party. (An agenda item and blanks proposal are being developed by SAPWG.)	Sent a reformal to the Statutory Accounting Principles (E) Working (SAPWG) Group recognizing its existing work regarding the source of the order works processing of the source Coal MWIstory enhancements from the formal to other groups, further regulatory guidance may be considered as needed.	SAFWC Completed Actions: Ref 2021-21 actual development in the chariford guidance for advantageness and developed a blanks proposal which provides, real-advantageness and advantageness of the provide the dentity investments that involve related parties. (Adopted May 2022) Ref #2021-22BWG added six related parts, ender the effective for year-end 2022. The investment schedule disclosures include codes that identify the role of the related party in the investment, e.g., a code to isentify effect center exposure as well as codes for relationships in securitizations of similar investments. (Adopted May 2022)			SAPWC Completed Actions: Ref #2022-15, included revision to chaify during what is accounted by an offitated entry, or which includes the obligation of an affitated entry, on anfitiated investment. (Adopted March 2023)	SAPWG Update: Cloud No further work demod necessary. Previous initiatives have addressed the FE concern, the referral and objective are complete.	Closed-item considered and addressed.
8. Identifying UnderSing Affinites/Effectuated Parts Insectments: and/or Collateral In Structured Securities: Though the blunks include affidiated investment disclosures, it is not app to identify underlying affidiated investments and or collateral within structured security investments. Additionally, transactions may be excluded from affidiated proving their instructured security investments. This would include, for example, Ions in CLO issued by appendix and include, for example, Ions in a CLO issued biasks proposal are being developed by SAPWG.)	Sent a referral to the Statutory Accounting Principles (E) Working Group in recognition of existing work to develop duclosures to identify the role of the related party in the investment at docks for relationships in scourizations on similar investment. Also sent a referral for new work to the Emaination Oversatify (E) Tak Force for the CLOistructure security considentions.	SAPWG Completed Actions: See above descriptions (Ref 7 2021-21 and Ref /2021-22 BWG) on investment reporting codes for year and 2022 reporting. Ref #2019-34 included revisions that clarify: 1) identificant of related partice; 2) a non-controlling ownership over 10% pressits in a relation party classification regardless of any dackiment of control or affiliation; 3) a dackiment of control of pressits in a relation party classification regardless of any dackiment of control or affiliation of a new Schuluk P Part 3 which was effective for yarcerid 2021. This schuluk isednific all entities with greater than 10% ownership – regardless of any disclamier of affiliation – and whether there is a duckiment or controllecianiem of affiliation and identifies the ultimata controlling party (eff-2019-34 and Ref #2020-37BWG, bod adopted March 2021)	referral to its Francial Analysis Solvency Tools (E) Working Group and its Francial Examiner Handbook) (E) Technical Group, Both groups developed new guidance for inclusion in 2023 NAC handbooks related to the new related party investment disclosures developed by SATW and the AG 35 standards developed by LATF that will be in place for 12:312 ceptoring. The groups my develop additional guidance for NAC handbooks, as well as supporting regulatory reports and tooks, as work proceeds		SAPWC Completed Actions: See above descriptions (Ref # 2021-21, Ref #2022- 15 and Ref #2021-22 BWG)	SAPWG Update: Closed No further work deemed necessary. Previous initiatives have addressed the PE concern, the referral objective and are complete. BOTE/VAWG Update: 12-1-23 AG 35 Joudance Document - more refined information to be attained for yave-red 2023 cg., structured asset information by tranche	SAPWC Update: No further work deemed necessary. Previous initiatives have addressed the PE concern, the referral objective and are complete. EOTE/VAWG Update: 7-22-24 The AG 33 reports collected information relating to affiliaded investments. Review of this information is in progress.
9. Asset Manager Affiliates and Dischlamers of Affiliation: Broader considerations exist around asset manager affiliates (nei/juit Fe/owners) and dischlamers of affiliation axioling current affiliate investment disclosures. (A new S V, P, 3), has been adopted and with the in effects for year-and 2012. This schedules will adopted and with with greater than 10% sourceships - regardless of any disclamer of affiliation. It will also schedule activity and the state of the distribution of the sourceships are proposal to revarps Schedule 2014. Additionally, SAPWG is developing a proposal to revarps Schedule and qualifying bond and to identify different types of investments more clearly, including asset-backed securities.)	MWG regulators are comfortable waiting to realize the benefits of the recently implemented Schedule V, Part 3, along with the changes other NALC committee groups will make for several of the previously isolated offermal, before determining if additional work in needed. Also, at efforts are focus on the several previously and the several several several focus on the several several several several several several responsing along with the previously mentioned code diaclosures will assist with this consideration.	Sep WG Completed Actions: See above descriptions of Schedule Y Part 3. (Ref #2019-34 and Ref #2020-37BWG).	SAPPG Ongoing Work: Ref #2022-15, which clarifies affiliated investment reporting is planned for adoption consideration at the 2023 Spring National Metting. It adds gatance on reporting of affiliated investments. As part of a project Incom as the bond project, the SAPWG is developing a proposal to revise Scholuk D reporting which intends to determine what is considered qualifying bond and to identify different types of investments more certary. For example, the current bond proposal would divide Scholuk D-11 for assess- backed accurrities. The proposal includes more detailed proposal, and the propride more granularity on the actual types of investments held. The effective date of the bond proposal incustomers held. The effective date of the bond proposal, more provide more granularity on the actual types of investments held. The effective date of the bond proposal, more more and matter to the statustory accounting gatiance are planned for exposure by the Statustory Accounting Principles (E) Working Group at the 2023 Spring National Meeting.		SAPWG Completed Actions: See above descriptions Ref # 2021-21, Ref # 2022- 15 and Ref # 2021-22, BKG, Ref # 2022- 15 and Ref # 2021-22, BKG, Ref # 2022- 17, Incorporated revisions to data- capture interest income disclosures, for and established new disclosures for angerogate paid-in-kind interest and deformed interest. (Adopted March 2023), SAPWG Ongoing Work: Reporting changes to reflect the Schedule D-1 proposed changes were exposed by the Bianks (2) Working Group on March 7, 2023, and updated revisions are anticipated for exposure storily after the 2023 Summer National Meeting. The statutory accounting revisions to incorporate a new principles-based band definition in ASP. No. 26A- nonds and SSAP No. 43RAsset Backed Securities will be presented for adoption at the 2023 Summer National Meeting.	SAPWG Update: Closed No further work deemed necessary. Previous initiatives have addressed the FE concern, the reform objective and are complete. The bond proposal and the reporting changes have been approved and will become effective January 1, 2023.	SAPWG Update: Closed No further work deemed necessary. Previous initiatives have addressed the FE concern, the referral objective and are complete. The bond proposal and the reporting charges have been approved and will become effective January 1, 2025.
8. <u>Privateh Structured Securities</u> : The material increases in privably structured securities (both by affiliated and one affield asset manager), which introduce other sources of risk or increase traffordinal credit risk, such as complexity risk and illiquidity risk, and novke as its do transparency. (The NAIC Capital Matchs Bureau continues to monitor this and susse regalar profits, but much of the work is complex and limic-intensive with a lot of manual research required. The NAIC Securities Valuation Office and begins receiving minet raing attachase reports in 2022; these will offer some transparency into these private securities.)	Sent a referral to the Life Actuarial (A) Task Force recognizing its existing work on an Actuarial Guideline uncluding disclosure requirements for the risks of privately structured securities and how the insure is modeling the risks. Sent a referral to the VOST Finightighting the MWG regulators' support for the banks proposal is add market data fields for private securities being considered by the Valantion of Securities (F) Task Force (VOSTF). MWG regulators will wait on any further work or referands until they laves an consortaint'to work with the results of the VOSTF resonance	LATF Update: Actuarial Guideline 53 (AG 53) has been adopted by the NAIC's Executive (EX) Committee and Plenary and was: effective for year-and 2022 reporting. Starting in Syring 2022, regulators on the Valatation Audyois (D) Working Group wild be conducting 4G 53 reviews. This will involve a target review of sast address, and sast related to modeling of business supported with projected high net yield assets.	VOSTF Update: The VOSTF surt referrals to the Francial Condition (E) Committee, Francial Stability (E) Task Force, Macroprudential (E) Working Group, Capital Adquares (E) Task Force, Rak-Based Capital Investment Rak and Evaluation (E) Working Group, Life Actuarial (A) Task Force, Francesia Analysis (E) Working Group, and Valuation Analysis (E) Working Group and Walation Analysis (E) Working Group reaceding feedback on a proposal is have the NACC SVO develop the Markical canability to ordiner is an entire for board	RECIREWG Update: The Risk-Based Capital Investment Risk and Evaluation (E) Working Groups added this item to its working agenda. While not specifically addressing privately structured securities, the Working Groups' scurrent work on collateralized loan obligations may contribute to addressing this item.		RBCIREWG Update: 1-30-24 The Academy finalized their principles for structured securities with input from the working group at the 2023 Fall MA. As previously indicated, this work may inform the work the Working Group does on the MWG tern but it is still pending discussion by the group.	RECIRENCE Update: 8-2-24 The Rok-Based Capital Investment Risk and Evaluation (E) Working Group med Jane 21, May 22, and April 22 to diacutor residual transless and the 45% methods capital (RBC) factor in place for syn-read 2024. After consideration of comments, as well as a review of alternative proposals to bilineate residual tranches between 30% and 45% RBC enterpose, the Working Group adapted a motion werein the 45% RBC factor for all resoluti tranches for uses and 70%.

	and the SAPWG Schedule D revamp project. Sent a referral for new work to the RDC Investment Risk and Foundation (E) Working Group to address the the all risk concerns not captured by reserves.		investments, and model messares of interest rate sensitivity and project investment each flows and estimated losses for any given interest into economic security for public time. These groups were aways they enzypee the project take advantage of such a capability within the NAIC.	SAPWG Ongoing Work: • As discussed above, the Schedule D bond proposal is planned for 2025 reporting.			VOSTF Update: 2-6-27 in anendment to the Purposes and Procedures Manual of the NACL investment Analysis office (the Ref Manual) to make all Structured Equity and Funds, which equitres a subsoft of the private Manual and the NAC investment and the NAC investment of the SVO to instead draft a new proposal and instructed the SVO to instead draft an every proposal and instructed the SVO to instead draft an every proposal and instructed the SVO to instead draft an every proposal and instructed the SVO to instead with work the subsoft differences. Privately structured securities with material differences in assessment between Credit Rating Providers and the SVO would be explored in the discussion on Relamce on Pating Agencies in 11, below. The proposal for the SVO to drevelop the analytic capability to collect and analyze risk metrics is currently on hold.	VORTE / Update: 7-17-24 Privately structured scentifics with material differences in assessment between Credit Rating Providers and the SVO would be captured in the discussion on Relance on Rating Agencies in 11, below. The proposal for the SVO to develop the analytic capabilit to collect and analyze risk metrics is currently on hold.
 <u>Reliance on Rating Accordes</u>: bi evol of reliance on rating agency ratings and their appropriateness regulatory proposed (e.g. accuracy, consistency, comparability, pitcability, interchangenbility, and transportency) (VOST has round) addressed and will continue to address thin ison.) 	Sent a referral to the VOSTF indicating the MWG regulators' agreement to monitor the work of its ad hoc group addressing various rating agency considerations.	VOSTF Update:			VOSTF received referral responses from the Financial Condition (E) Committee, the Life Actuarial (A) Task Force, the Financial Analysis (E) Working Group and the Valuation Analysis (E) Working	VOSTF has drafted a list of questions to discuss with each rating agency in future regulatar-only meetings. The SVD has received comments from certain rating agencies and is inconvariting those	VOSTF Update: 2-6-24 The Securities Valuation Office (SVO) has proposed an ameriment to the Purposes and Procedures Manual of the NAC Investment Analysis Office (the R&P Manual) to autoritice procedures for the SVO's direction over NAC	VOSTF Update: 7-37-24 The Securities Valuation Office (SVO) has proposed an amendment to the Purposes and Procedures Manual of the NAC Investment Analysis Office (the R&P Manual) to authorize procedures for the SVO's discretion over NAC
		The Task Force adopted an amendment at if Feb. 21 moeting that effective Jan. 1, 2024, francally modeled collararized Jono adoptions (CLO) will not be eligible to use eredit raing provide raining to determine an NAIC Deviantion The Task Force has halfed 1 at of collarises to discuss the discussion of the second secon			Group. The Life Acturiant Task Force and Valuation Analysis Working Group supported the proposal and provide samples of risk metrics which would be useful to their groups. The Financial Analysis Working Group supported the bocause it said the risk metrics could be more effective in helping financial analysts and examiners to fully evaluate more effective in helping financial analysts and examiners to fully evaluate more effective in the holping financial analysts and examiners to fully evaluate mass wortfwhile for the VOSTF to continue to investigate the various provide some of the alternative provide some of the alternative investment risk include provide normative said that before is could sponsed the Committee aid that before it could sponsed the could and benefits of such products. This is an ongoing initiative	comments into a final isis of questions to be operated to by the Task Force. At the 2023 Spring National, during the discussion of the approade amendment on Structured Equity and Funds, the Task Force deferred action on the Structured Equity and Funds amendment and directed the SVO stiff to dirig d adistict process on how it would recommend challenging an NAKC Designation assigned from a credit rating provider ("CRP") rating pursuant to the "fing Lexapticion ("PT") process which the SVO Thinks is not a reasonable assessment of ask for regulatory purpose. The SVO of als for regulatory purpose. The SVO of als for regulatory purpose. The SVO of als for purpose the SVO address the NAC's current biller related a mount of discretion over the FL process to address the NAC's current biller relationed and establish struct due process requirements before the SVO could over-ride a CRP rating including a materiality threshold of a FL rating discretion over the TL process to assessments. This amendment will continue to be discussed by the Task Force and interested parties.	Designations assigned through the Filing Exemption (FE) process. The amendment would grant the SVO staff some level of discretion over the FE process to address the NAC's current bild relations on credit ratings. It takes addresses the Financial Condition (E) Committee's Catability Creteria to permit staff's discretion over the assignment of NAC designations for securities subject to the FE process (the use of CMP ratings to determine an NAC designation) to ensure greater consistency, uniformity, and appropriateness to achieve the NAC's financial solvency objectives. The proposed process would include: "Extabilities of a materiality threates in required to change a Designation assigned through the FE process if thever 3 or more outches different and the SVO's assessment. "Enclusion of a subgroup of the Tack Force in the review process before any rating would be removed. "Arocedural targets of uniter and would be removed. "Arocedural targets an alterineticity threating, and sufficient the insure to provide fund comments from interested process: ample notification to insurer, an opportunity for the insurer to provide an alterinet differences of grants, and autoritation to the SVO and explain its analysis of the investment, an opportunity tog et an alterinet differences fronts, and unificient time to file the ascurity. If needed. VSO's its current previewing comments from interested parties and discussion is ongoing.	Designation assigned through the Filing Exemption (FE) process. The amendment vouid grant the SV0 staff com- level of discretion over the FE process to address the NAC's current bind reliance on credit ratings. It also addresses the Financial Condition (E) Committee's charge to the Task force to: Establish criteria to permit staff's discretion over the assignment of NAC' designation for securities subject to the FE process (the use of CPP ratings to determine an NAC' designation) to resurve greater consistency, uniformity, and appropriateness to achieve the NAC's financial solvency objectives. It was proposal is sumcided to the proposal process would include: ••••••••••••••••••••••••••••••••••••
Pension Risk Transfer (PRT) Business Supported by								
Sounder Lawestments. In terms of the insures: in persion risk transfer (PRT) business and upporting such business with the more complex investments outlines for (LAT has exposed questions and and at determining if an tetratural Gaudeline is needed to achieve a primary goal of ensuring many goals gailory was fit the complex assets (other private equity- near the stress testing and beep practices related to valuation of nam- bility tands assets (note L-LAT's considerations are noto limited to RT). Additionally, enhanced reporting in 2021 Separate Accounts Huw 319 specifically identify assets backering PRT liabilities.) Considerations have also been rusied regarding the RRC treatment of R business. A text was placing for the Department of Labor rotections resulting for pension beneficiaries in a PRT transaction.	LATE? A Advantial Guideline Soft a referral to a LATE recognizing its work on an Annuaria Guideline which should address the reserv- consideration of present next stranger (PCI) business. Set a referra to the SAPWG to address the related disclosure considerations as the goal was to have them in the Notes to Financial Statements.	LATE Update: The PRT Drafting Group of the VM-22 SG is considering the development of PRT langesty risk normality subgroup of LTF that the Subgroup could consider for C-2 BBC for PRT products and longesty risk transactions.	SAPWC Completed Actions – Product Identifies and Ref #2035.75: Separate Account – Product Identifies and Ref #2035.75: Separate Account Duckstaure, which dan treads in statutory accounting neukanose, which dan treads in statutory accounting automents, was adopted by Buck SAPWC May 2021. Ref #2021-03BWC was adopted by Buck (E) Working Group in 2021. Comment – The 2022 review of the initial 2021 disclosures anded that although the instructions were clarified to require by product reporting including the use of a distinct danagergated product identifier for each product reporting in 2021. Activity in the disclosures, Review of 2022 data is planned to be completed in the first half e 2022.	LATE Fupdate: June 27, 2023, per Scott O'Neal. Ale VIA-22 Subgroup of LATE is currendly developing an ewe scenzing framework for non-variable annufies. As part of this effect, there is a distinct methodology being developed for longevity reinsummcoPET. This has been the most controversial aspect of the VIA-22 project. VIA-22 is expected to go live on sooner than 2026. There is also a separate Longevity Risk (E/A) Subgroup of LATE that will work to develop longevity imanace/PET reliade capital charge. This work is on hiats until the VIA- 22 reserving framework is adopted	LATE (toptate: 2uly 12, 2023, per Scott O'Neal, The PUT during group have's reset O'Neal, The PUT during group have's reset Subprops is holding off on meeting until the VM-22 Subgroup finalizes the VM-22 methodology		SAFWG (1)pdate: 1.20-20 Roywe of 2022 data same completed by NACC and it in Roywe of 2022 data same completed by NACC and it in Australian Roywe of 2023 VE data with the completed in the second quarter of 2024. This will allow for regulator review and hyper in determining if addition instruction or other follow-up is meeded.	SAPWG Update: 7-25-26 The data collected provides overall detail of PRT product discussion is anticipated to see if further granularity is necessary for regulator review.
Review state guaranty associations' coverage for group annuity efficate holders (pension beneficiaries) in receivership compared to ension Benefit Guaranty Corporation (PBGC) protection.							LATF Update: 2-5-24 Confirmed no change in status since July 12, 2023 due to the VM-22 methodology not being final.	LATE Update: 71/624 An industry field test of the draft VM-22 methodology will begin 73/124 and poltrough 93/024. After results are reviewed and any necessary revisions are made, the VM-22 reversing methodology is cepted to be effective for 11/26. The Longevity Risk (E/A) Subgroup will meet after the VM-22 framework is finalized.

b. Department of Labor Protections:	MWG Update: NAIC staff are continuing to hold discussions with Department of Labor representatives.			MWG Update: Discussions with DoL continue. DoL is in the process of updating their fiduciary requirements under 95-1, which require due diligence in assessing an insurer prior to a PRT transaction.	MWG update: Closed DOL revised their fiduciary standards (95-1) and duties to evaluate an insurance company prior to approving a PRT.	MWG update: Closed DOL revised their fiduciary standards (95-1) and duties to evaluate an insurance company prior to approving a PRT.
 State Guaranty Funds Compared to PBGC Protection – NOLHG/ 2016 Study: 	No further action was deemed necessary MWG Update: However, NAUC stuff have contacted PBGC representatives to inquire if they have any items they wish to address with the MWG.				Closed It appears state guaranty funds provide adequate protections for PRT business according to NOLHGA study and other research No further action was deemed necessary	Closed It appears state guaranty funds provide adequate protections for PRT business according to NOLHGA study and other research No further action was deemed necessary
d. RRC Treatment of PRT Business:	Sent a referral to the Longovity Risk (E/A) Subgroup recognizing its work will also address PRT business and indicating the MWG regulators will monitor this work.	LATF Update: The Longevity Risk (EA) Subgroup will review the currently exposed VM-22 PBR methodology once it is is finalized and adopted. The Subgroup will consider whether to develop and recommend longevity risk factor(s) for the product(s) that were excluded from the application of the current longevity risk factors.		LATF Update : July 12, 2023, per D. Flemming; No change in this item as the VM-22 framework is not final yet.	The VM-22 Subgroup is still working on assumptions and	other aspects, so the work on the framework continues.
13. Offshore/Complex Reinsurance:				July 11, 2023		
(2) Structure under der Größbert einnaren (achaling entriet) and complex immers' inse of offshort einnaren (achaling entriet) and entriet distinct scherar which is on maxima explited efficiency, reduce einstein and entroduce complexities into the group structure.	HMG (Judate: JMIC) regulators are energipting the individual distances with indiary provention and obtain variabilitian regulating the use of glibbor remains are and complex afflined remains may exhibit the They are contained discussions to identify the better mechanism to ensure reviewingingerproving regulators can identify the true economic impacts of the reinsumance themself, the true economic impacts of the reinsumance transaction. MRG regulators will consider further work and dir referrals once they have concluded these discussions.	At the Spring NM 2023 The Working Gourg released for moment for invariance comparison conducted relegand for regulators to assuss cross-bodyer reinsurance treates where there are adfirer angulatory systems involved. We believe aroos-bodyer reinsurance workshoet will enhance date cross-bodyer reinsurance workshoet will enhance date assurance regulatory ability to modify these transactions. The comment period ended Apr 28 and the MWG is in the process of addressing comments received.		(a) y 1- y 0-2 WHC (Judger The Reinsteiner Worksheet was adopted on a joint FSTF/MWG virtual meeting on June 20, 2023.	Continus to monitor offshore reinsurance market, moet with BMA and enhance ReWS. Monitor and assoc scoded reserves offshore by transaction type, i.e., Mod.Co, Coinsurance, Funds WH and associ intensive reinsurance. LATU Update: 2-8-24 Proposal being considered to require Asset Adequacy Testing for Reinsurance transactions.	MWC Update: Continue to nonsidire creas-border reinsumes market and continue displays with other jurisdictions. The MWG met July 8 to receive a report of consolvorite minutance activity and tends. State regulators requested NAC run additional metrics. Continue to monitor and asso ceeded reserves offshore by transaction type, i.e. ModCo, Coinstraine, Fands WH and asso timetive reinsurance. Funds WH and association there i.e. ModCo, Coinstraine, Fands WH and association for the interimenter transactions Association and contential proposal to require Associ Adoegang 'Entify for certain reinsurance transactions Comments on the potential proposal will be heard at a 72/52/ad meeting of LATF with additional discussions expected to take place at the LATF session of the Summer National Meeting.