TO:	Ken Cotrone, Chair, Investment Designation Analysis (E) Working Group Members of the Investment Designation Analysis (E) Working Group
FROM:	Charles A. Therriault, Director, NAIC Securities Valuation Office Marc Perlman, Assistant Director-Investment Counsel, NAIC Securities Valuation Office
RE:	Proposed Amendment to the Purposes and Procedures Manual of the NAIC Investment Analysis Office (the "P&P Manual") to Update the Reporting Guidance for the SVO Analytical Department Symbol "ER"
DATE:	October 2, 2026

Summary: The Valuation of Securities (E) Task Force adopted on Aug. 13, 2024, the Process for Excluding an Eligible NAIC CRP Rating from Filing Exemptions for a Specific Security. The process includes guidance on how insurers should identify a security that has an excluded rating through the SVO Analytical Department Symbol "ER". We have subsequently identified that including this SVO Analytical Department Symbol in the same location as the others will create a reporting problem on the Quarterly and Annual statement schedules. The SVO has worked with the Blanks (E) Working Group staff on finding a location on these schedules that avoids this reporting challenge by moving it out of the NAIC Designation column and putting it into the investment characteristic column. The Blanks (E) Working Group has exposed the change described above for 2027 in their agenda item # 2026-18BWG.

Proposed Amendment – The SVO is proposing the following non-substantive technical change to the P&P Manual that updates the reporting guidance for the SVO Analytical Department Symbol "ER". The attached P&P Manual update reflect with additions in red underline and deletions in ~~red strikethrough~~.

PART TWO
OPERATIONAL AND ADMINISTRATIVE INSTRUCTIONS APPLICABLE TO THE SVO

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Reporting Securities Removed from Filing Exemption Eligibility

149. The IAO Director(s) will prepare an anonymized summary that does not disclose specific securities, CRPs or impacted insurers of the removed from Filing Exemption Eligibility actions taken over the prior calendar year.

150. Within 45 days of a security being removed from the Filing Exemption process, the IAO will also publish an anonymized summary (without references specific to the security, to avoid disclosing confidential information) of each unique situation encountered for the securities subject to removal from Filing Exemption Eligibility and publish it on an insurer accessible web location.

151. To facilitate transparency as to the SVO's application of discretion, the SVO Analytical Department Symbols "ER' will be added in NAIC Systems to securities with an excluded otherwise Eligible NAIC CRP Credit Rating(s). The SVO Analytical Department Symbols, "ER" *will be* reported on the insurer's statutory investment schedules for the effected security ~~instead of SVO Administrative Symbols "FE" for filing exemption~~ in the Investment Characteristics column, as specified in the Quarterly and Annual Statement Instructions.

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https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2026 IDAWG/2026-10-28 Interim meeting/05-ER Admin Field/2026-013.01 PP_Manual_Part_Two_ER_Admin_Symbol.docx