

**MEMORANDUM**

TO: Jerry Ehlers (IN), Chair of the IT Examination (E) Working Group

FROM: Judy Weaver (MI), Facilitator of the Chief Financial Regulator Forum

DATE: March 16, 2021

RE: Referral on Cyber Vulnerability Guidance

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On its March 16, 2021 call, the Chief Financial Regulator Forum discussed the recent cyber vulnerabilities and exposures that may have impacted various insurance companies, including the Solar Winds cyberattack and the Microsoft Exchange Server zero-day vulnerabilities. In discussing these potential exposures, financial regulators indicated a need for additional guidance on how to address significant vulnerabilities with the potential to impact domestic insurers in a timely manner as they emerge.

While existing IT Examination guidance in the *Financial Condition Examiners Handbook* includes procedures for evaluating cybersecurity controls in place at an insurer, including patch maintenance and intrusion detection processes, those procedures are typically only conducted during a scheduled full-scope examination. As such, the Chief Financial Regulator community is requesting that the Working Group consider the development of additional guidance and procedures for regulator use in evaluating an insurer's response to significant emerging vulnerabilities and exposures, outside of a full-scope financial examination. Such procedures should be flexible enough to be incorporated into limited scope/interim examination efforts, the ongoing financial analysis process, or even into ad-hoc inquiries/requests for information.

In developing such guidance, the Working Group is encouraged to consider whether it would be more appropriate for such guidance to be included in NAIC handbooks, or as a separate best-practice tool maintained elsewhere. In addition, the Working Group is encouraged to consider coordinating efforts in this area with the Market Conduct Examinations Guidelines (D) Working Group, given its role in maintaining a post-breach checklist and related guidance in the *Market Regulation Handbook*.

If there are any questions regarding the proposed recommendation, please contact either me or NAIC staff (Bruce Jenson at [bjenson@naic.org](mailto:bjenson@naic.org)) for clarification.

Thank you for your consideration of this referral.