



To: Director Bruce Range (NE), Chair
Market Conduct Examination Standards (D) Working Group

From: Commissioner Adam Hamm (ND), Chair
Cybersecurity (EX) Task Force

Date: June 29, 2016

Re: Proposed Update to the NAIC *Market Regulation Handbook*

Working collaboratively with the Cybersecurity (EX) Task Force, the IT Examination (E) Working Group has recently adopted changes regarding cybersecurity to the NAIC *Financial Examiners Handbook*. Cybersecurity is an area where it is crucial for insurers to safeguard sensitive consumer information from inadvertent disclosure or theft by persons who should not have access to the information. It is essential for all regulators to approach oversight of insurer cyber hygiene in a uniform and consistent manner. Therefore, the Task Force would like the Market Conduct Examination Standard (D) Working Group to review and consider updating the NAIC *Market Regulation Handbook* to strengthen sections regarding cybersecurity, particularly Chapter 16, which discusses general examination standards. Recognizing the need for a uniform approach, the Task Force suggests using the updates regarding cybersecurity in the NAIC *Financial Examiners Handbook* as a basis for updates to the NAIC *Market Regulation Handbook*.

The Task Force would also appreciate periodic progress updates from the Working Group.

Thanks for your thoughtful consideration of this request.

Cc: Petra Wallace (NAIC)
Sara Robben (NAIC)

W:/National Meetings/2016/Summer/TF/Cybersecurity/Referral from TF to Market Conduct Examinations Standards WG