NAIC Credit Rating Provider (CRP) Due Diligence Framework – Whitepaper

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Executive Summary

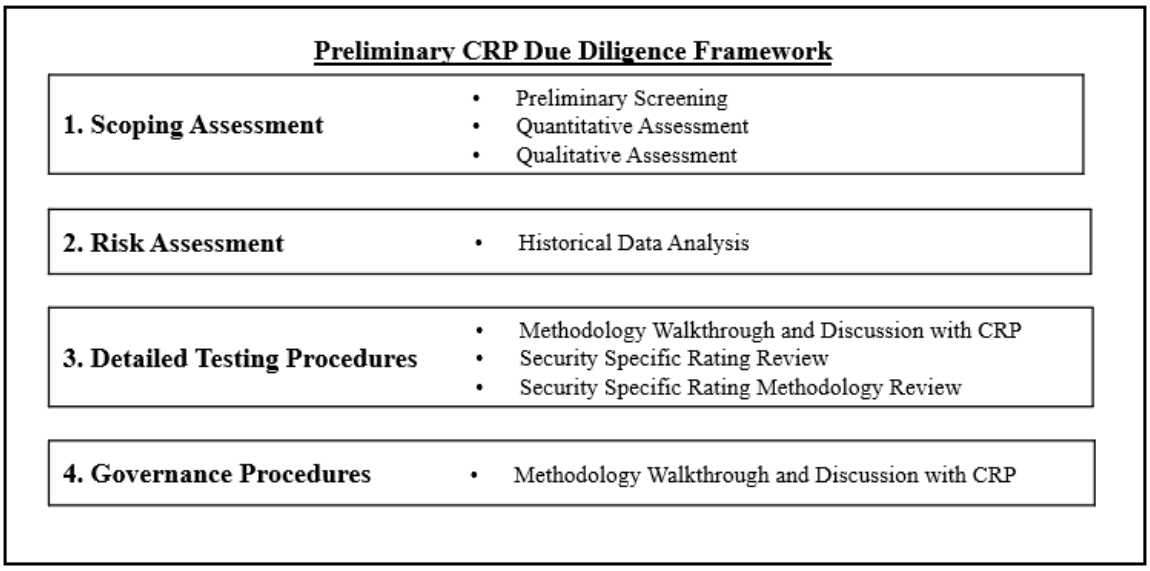
U.S. insurers depend on NAIC Designations for statutory reporting and solvency monitoring. A significant portion of those designations are derived from the translation of Credit Rating Provider (CRP) opinions for Filing-Exempt (FE) and Private Letter (PL) securities. Currently, the translation of CRP ratings to equivalent NAIC Designations relies on a mapping provided to the NAIC by each CRP. The NAIC has "blind reliance" on these CRP-provided mappings in that the NAIC does not have a due diligence process to assess each CRP-provided mapping to NAIC Designations. In 2024, more than 152,000 securities relied on CRP ratings, underscoring the need for a structured, scalable, and pragmatic due diligence program to support the NAIC's reliance on CRP-provided ratings.

This whitepaper sets out a four-part due diligence framework (the "CRP Due Diligence Framework" or the "Framework") consisting of the Scoping Assessment, Risk Assessment, Detailed Testing Procedures, and Governance Procedures (see image below). The Framework is intended to corroborate the appropriateness of CRP-provided mappings for the Translation Matrix to NAIC Designations and align with broader objectives to harmonize regulatory oversight related to investments in the insurance industry.

The Framework acknowledges that methodological differences among CRPs exist. The Framework does not require CRPs to adopt a uniform methodology. Rather, as a consumer of CRP-provided mappings, the NAIC's due diligence procedures assess whether resulting ratings and related mappings are reasonable and fit for purpose in evaluating investment risk and assigning NAIC Designations.

The Framework supports consistent translation of CRP ratings to NAIC Designations, focuses due diligence activities where CRP ratings are most consequential on insurer balance sheets and where there are areas of increased risk in CRP provided ratings, and establishes a structured and governed process for remediation activities, monitoring and ongoing maintenance. The Framework is led by the Credit Rating Provider (E) Working Group (CRPWG), as supported by NAIC staff, with inputs and information sharing among the Invested Assets (E) Task Force (IATF) working groups including the Investment Analysis (E) Working Group (InvAWG) and Investment Designation Analysis (E) Working Group (IDAWG)[1].

[1] For additional information on the reorganization of the VOS TF, see the *New Invested Assets Task Force Organization* section.



Current State & Background

Use of the NAIC Translation Matrix

CRPs follow publicly disclosed rating methodologies that combine quantitative analysis, qualitative judgment, and rating-committee governance to form independent credit opinions evaluating credit risk. These methodologies require transparent documentation, reliable data inputs, and ongoing surveillance. Importantly, CRPs say that they do not differentiate their methodologies between public and private assets; however, public and private assets themselves may be very different. Any variations between public and private ratings may reflect differences in available information, as opposed to differences in methodology.

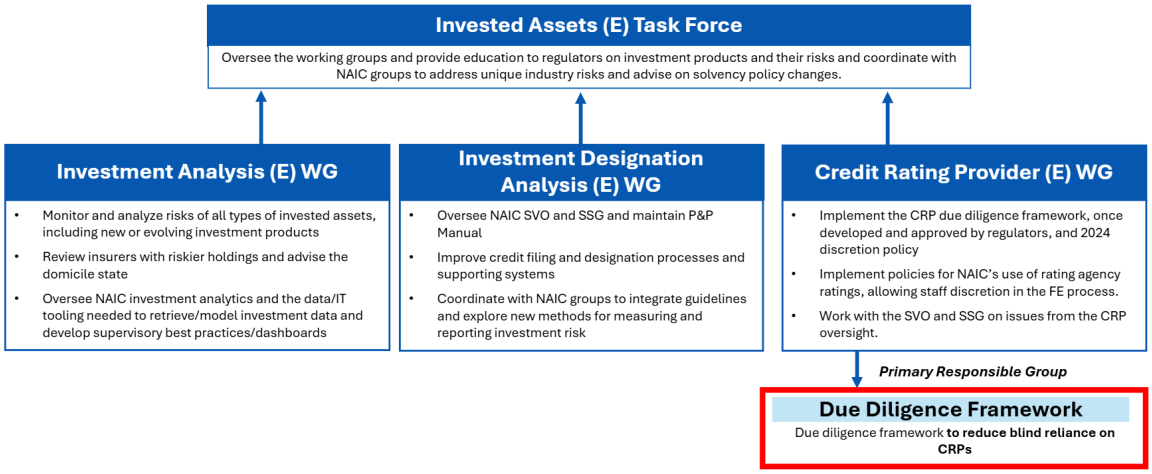
NAIC Designations reflect an assessment of investment risk, as defined in Part One, paragraph 87 of the 2025 Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual), which characterizes investment risk as the likelihood that an insurer will receive the full and timely payment of principal and expected interest. When the NAIC independently determines a designation, it often relies on CRP methodologies as described in Part One - "Use of Generally Accepted Techniques or Methodologies" of the P&P Manual.

For eligible FE/PL securities, the NAIC Translation Matrix found on the NAIC website, as referenced in the P&P Manual, is applied to translate eligible assigned ratings from all eight CRPs.

Currently, the translation of CRP ratings to equivalent NAIC Designations relies on mapping tables provided by each CRP. In practice, the NAIC accepts these mappings without an independent process to validate that the resulting equivalencies appropriately reflect comparable levels of investment risk and support consistent assignment of NAIC Designations. Consequently, the current framework depends on the CRPs' methodologies and judgments without an independent assessment of whether the mappings are reasonable and fit for regulatory purposes.

Organizational Structure – New Invested Assets Task Force Organization

Under the oversight of the IATF, formerly the VOS TF, the CRPWG, with the assistance of NAIC staff as deemed appropriate by those NAIC groups, will be responsible for implementing and operating the Framework once developed and approved by regulators, with inputs from InvAWG and IDAWG. The CRPWG will share results and findings of due diligence activities among the IATF and other NAIC groups on an ongoing basis.[2]



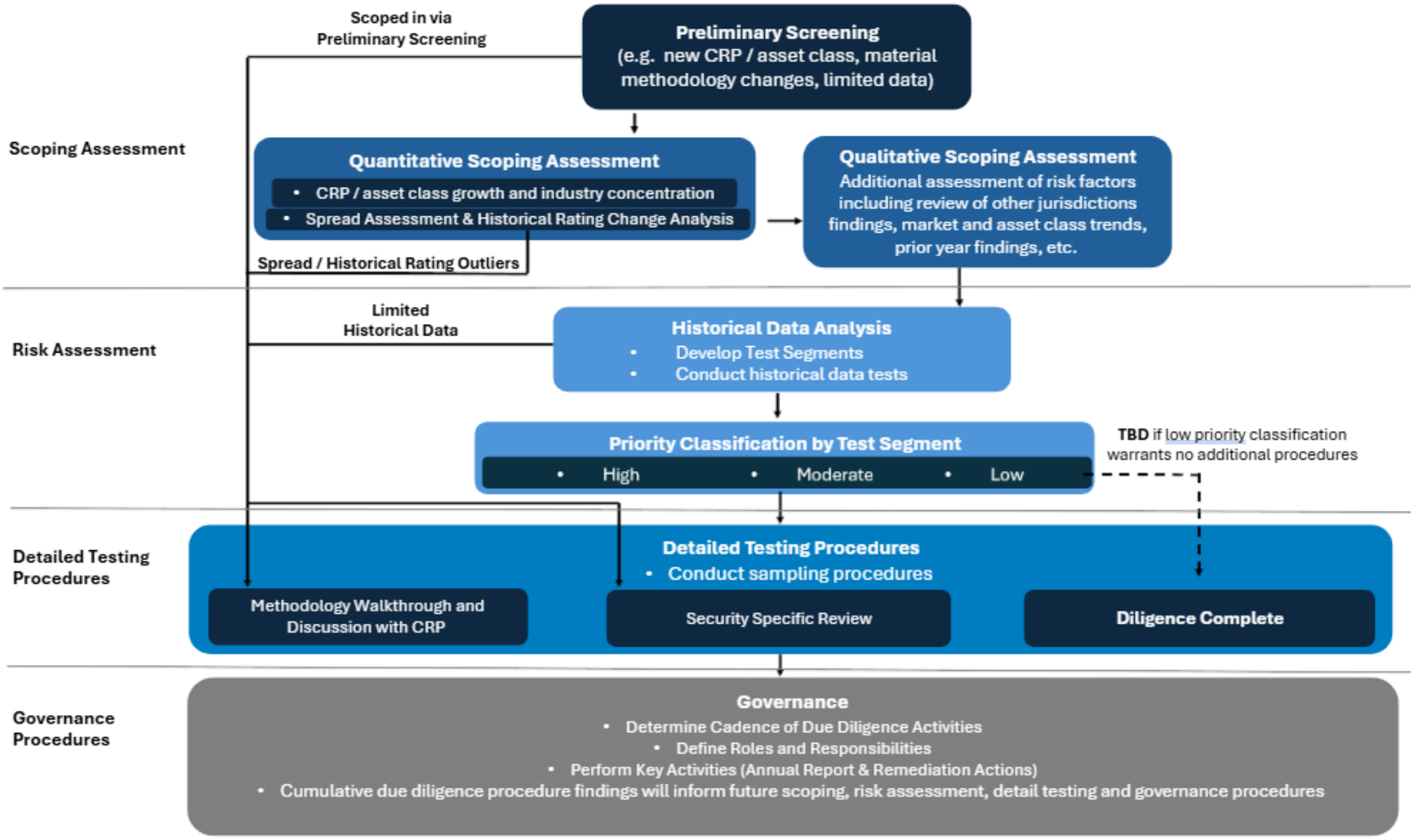
Overview of the CRP Due Diligence Framework

The Framework establishes a structured, scalable, and pragmatic oversight process for the NAIC's reliance on CRP opinions in assigning NAIC Designations through the FE/PL processes. The Framework is designed as an ongoing monitoring tool supporting the NAIC and its IATF working groups. It aims to reduce blind reliance on CRP ratings, promote transparency into the equivalency of CRP provided rating mappings as applied to FE/PL securities, and provide disciplined methods for identifying and remediating inconsistencies in ratings outcomes.

The Framework primarily applies to assets whose NAIC Designation is derived from a CRP rating, including rated, FE, and PL securities. Its due diligence activities may also inform NAIC consideration of CRP ratings used for other NAIC purposes (e.g.,, certain non–Schedule D bonds and Subsidiary, Controlled and Affiliated (SCA) and related party investments).

The Framework does not assess insurer-specific exposure or opine on whether a given rating is "correct." Instead, it evaluates the risk characteristics of rating cohorts, the degree of alignment or divergence across CRPs, and whether continued reliance on those ratings remains appropriate for regulatory purposes. The diagram below illustrates the Framework, which is discussed in greater detail in the following sections.

[2] The roles and responsibilities of the working groups under the Invested Assets (E) Task Force have been established as of the January 1, 2026, reorganization date and may be revised in the future.


Scoping Assessment
Scoped in via Preliminary Screening
Preliminary Screening
(e.g. new CRP / asset class, material methodology changes, limited data)
Quantitative Scoping Assessment
CRP / asset class growth and industry concentration
Spread Assessment & Historical Rating Change Analysis
Spread / Historical Rating Outliers
Qualitative Scoping Assessment
Additional assessment of risk factors including review of other jurisdictions findings, market and asset class trends, prior year findings, etc.
Risk Assessment
Limited Historical Data
Historical Data Analysis
Develop Test Segments
Conduct historical data tests
Priority Classification by Test Segment
High
Moderate
Low
TBD if low priority classification warrants no additional procedures
Detailed Testing Procedures
Detailed Testing Procedures
Conduct sampling procedures
Methodology Walkthrough and Discussion with CRP
Security Specific Review
Diligence Complete
Governance Procedures
Governance
Determine Cadence of Due Diligence Activities
Define Roles and Responsibilities
Perform Key Activities (Annual Report & Remediation Actions)
Cumulative due diligence procedure findings will inform future scoping, risk assessment, detail testing and governance procedures

Provisional Acceptance of CRPs

Upon implementation, CRP provided FE and PL ratings that rely on NAIC Designation mapping will be subject to the scope of the Framework and, in parallel, provisional acceptance of the CRPs will begin. Historically accepted CRPs will be provisionally accepted under this Framework immediately following implementation, provided that: (i) the CRP continues to meet the acceptance criteria established in the P&P Manual; (ii) no materially adverse findings related to a specific CRP are identified in the most recently available SEC (or other applicable jurisdictional) examination reports as of the implementation date, and (iii) the CRP agrees to meet NAIC data call requirements to support the NAIC in the implementation and on-going maintenance of this Framework.

Provisional acceptance will be granted for a period of 36 months from the implementation date, subject to extension by the CRPWG. The provisional acceptance process will be carried out in two phases, during which time all historically accepted CRPs must be assessed on both an organizational and methodological basis, as described below.

Phase 1: Organizational Walkthroughs

During Phase 1 following implementation, the NAIC will conduct organizational walkthroughs with each historically accepted CRP to assess organizational approach, processes, and governance related to the assignment of credit risk ratings.

Phase 2: Methodology Walkthroughs and Discussions with CRPs

Following Phase 1, the NAIC will conduct Methodology Walkthroughs and Discussions with CRPs as part of Phase 2 described in Section 3 below focusing on the methodologies applied to FE/PL securities. These walkthroughs will leverage Appendix A – CRP Methodology Walkthrough Questionnaire.

The NAIC will determine the sequence of these reviews considering several factors including, but not limited to, the relative proportion of FE and PL security rating coverage provided by each CRP and the proportion of CRP rating coverage for asset classes determined to be experiencing higher growth in insurer holdings or identified as higher priority asset classes.

Following the completion of Phase 2, the NAIC will make a determination as to whether each CRP has satisfied the acceptance criteria. For CRPs that were determined not to satisfy the acceptance criteria, the NAIC will determine the appropriate actions in reference to Section 4.2.2 Remediation Actions of the Framework.

Guiding Principles

The Framework is grounded in a set of guiding principles that ensure its design and execution remain pragmatic, scalable, and transparent. These principles establish how due diligence activities are prioritized, governed, and continuously improved to maintain the Framework's relevance as the investment landscape evolves:

1. Pragmatic approach

The Framework applies a practical approach to oversight, focusing on areas where the CRP ratings have the greatest potential impact on the insurance industry or an insurance company's solvency. Risk Assessment and Detailed Testing Procedures are aligned to industry exposure, data history and observed rating variability, ensuring that diligence activities are both effective and efficient.

2. Scalable for growth and changing complexity of insurer balance sheets

The Framework is designed to scale with the continued growth and changing composition of insurer balance sheets. It accommodates the evolution of new asset classes, emerging risk types and changes in CRP methodologies, ensuring adaptability to shifting industry dynamics and regulatory priorities over time. The NAIC expects the Framework to evolve over time with a) changing investment and market landscapes, b) as data availability, volume, and quality improve, and c) as the NAIC gains further implementation experience under the Framework.

3. Transparency

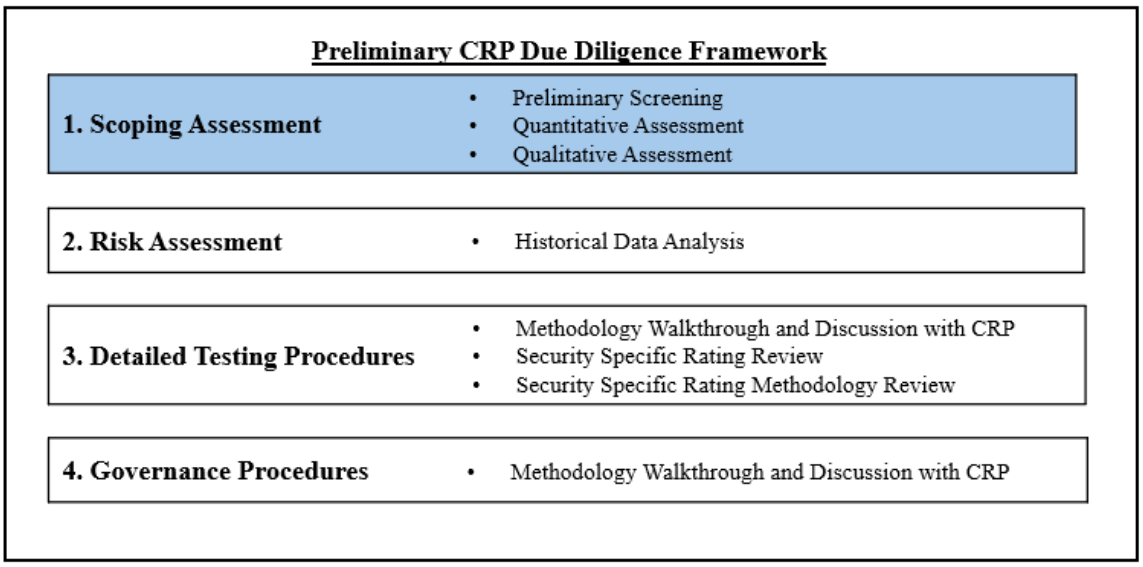
All components of the Framework – from data collection through scoping, risk assessment, testing, remediation, and governance – are documented and transparent. This ensures that key Framework design components, diligence activities, quantitative and qualitative results and remediation actions are communicated clearly, reinforcing confidence in both the process and its outcomes. The NAIC believes that a prudent approach is to be transparent about the type of analysis that will be performed under the Framework, the purpose of such analysis, and the basis for conclusions, without committing to publication of all underlying formulas and parameters.

CRP Data Requirements for Implementation and On-going Operation of the CRP Due Diligence Framework

Many asset classes – particularly private or emerging asset classes may have limited historical data or inconsistent information, restricting the ability to perform meaningful quantitative testing. In addition, differences in data collection practices, as well as self-reported data by insurers can introduce the potential for misleading quantitative outcomes. The NAIC will require the cooperation of the CRPs to provide the requisite rating data and the NAIC will be responsible for maintaining the technological expertise and infrastructure to consume and standardize the data from various parties. If reliable and standardized data are not available, quantitative due diligence activities may not be possible. As a result, additional Detailed Testing Procedures including security-specific reviews and Methodology Walkthrough and Discussions with CRPs may be

required as further detailed in Section 3 below. As the NAIC gains more experience with the Framework and to address data gaps and other issues that may arise, the NAIC may adjust this Framework to utilize other tests and processes as appropriate.

1. Scoping Assessment



1.1 Scoping Assessment Overview

The Scoping Assessment procedures will be carried out by the NAIC. The scoping procedures include:

- **Preliminary scoping activities** - designed to target new CRPs, new asset classes, CRPs and asset classes with limited data or revisions to CRP asset class methodologies deemed significant.
- **Quantitative scoping activities –** designed to identify areas of elevated risk across CRPs, asset classes, or securities based on insurance industry exposure, growth trends, spread outliers, limited rating comparability and material changes in ratings or SVO or SSG designations over time.
- **Qualitative scoping activities –** designed to assess the reliability of CRP ratings using regulatory review findings and other qualitative risk factors, including rating methodologies, market conditions, and asset class trends, to determine whether additional targeted procedures are warranted.

1.2 Key Activities

1.2.1 Preliminary Scoping Activities

The preliminary scoping activities are designed to assess either a) new nationally recognized statistical rating organizations (NRSROs) for acceptance as accepted CRPs by the NAIC, or b) instances where previously accepted CRPs have introduced a new or materially changed

methodology for a legacy or new asset class. This process will be carried out by conducting interviews with each CRP on an annual basis to understand if there are new asset classes or significant changes to methodologies. (Refer to Appendix A – CRP Methodology Walkthrough Questionnaire.) This preliminary scoping process establishes a baseline understanding of the CRP's methodologies, data history and analytical transparency before inclusion in the broader due diligence cycle.

In cases where either a) a new CRP or b) a new or materially changed methodology for a legacy or new asset class is introduced, that CRP or asset class will automatically proceed to Section 3. Detailed Testing Procedures for targeted methodology walkthroughs and additional security-specific testing procedures. Similarly, if a CRP or asset class has fewer than two years of historical data, it bypasses the Risk Assessment entirely and proceeds directly to Section 3. Detailed Testing Procedures, where additional testing can be performed based on available ratings information and supplemental CRP data.

The identification of a new CRP, new asset class, materially changed methodology, or limited-history population for additional review is not intended to be punitive and does not indicate that the CRP, asset class, or methodology is deficient. Rather, these areas are prioritized for additional diligence because limited historical data or limited observed performance may reduce the usefulness of quantitative testing during the initial assessment period.

1.2.2 Quantitative Scoping Activities

Quantitative scoping activities are made up of four component assessments, CRP Scoping, Asset Class Scoping, Spread Comparison, and Historical Rating Change Analysis. It is expected that the availability, volume, and quality of data will improve over time, potentially enabling a broader range of quantitative scoping activities to be performed.

1.2.2.1 Quantitative Attribute Analysis

Quantitative scoping activities will first compare key attributes and metrics at the rating, CRP, and asset class level using a binary assessment against thresholds to determine whether each CRP or asset class segment is "In Scope" or "Out of Scope."

For the CRP scoping assessment, activities include reviewing aggregate insurance sector balance sheet exposure by individual CRPs (as measured by Book Adjusted Carrying Value) to identify exposure risk and analyzing the growth of CRPs that provide ratings for FE/PL securities to detect rapid expansion relative to peer CRPs.

Category	Attribute	Thresholds*
CRP	Insurance Industry Exposure	Low – Within 1st quartile of distribution High – Above 1st quartile of distribution
	Growth	Low - Within 1st quartile of year-over-year growth relative to peers High – Above 1st quartile of year-over-year growth relative to peers

* These thresholds are preliminary and will require further discussion and refinement

Similarly, the Asset Class Scoping activities include reviewing aggregate insurance sector balance sheet exposure by individual asset classes (as measured by Book Adjusted Carrying Value) to identify exposure risk and analyzing the growth of asset classes that were FE or PL rated to detect rapid expansion relative to other asset classes. Asset classes used for scoping purposes will be defined based primarily on insurer statutory filing categories, supplemented where appropriate by CRP methodology classifications and available external data sources (see Appendix B). The level of granularity applied will reflect data availability, recognizing that overly granular segmentation may limit the ability to draw meaningful conclusions. Asset class definitions may evolve over time as data quality and availability improve.

Category	Attribute	Thresholds*
Asset Class	Insurance Industry Exposure	Low – Within 1st quartile of distribution High – Above 1st quartile of distribution
	Growth	Low – Within 1st quartile of year-over-year growth relative to peers High – Above 1st quartile of year-over-year growth relative to peers

* These thresholds are preliminary and will require further discussion and refinement

If *either* attribute for the CRP or Asset Class is deemed High Priority, then the corresponding Scoping Segment will be "In Scope." In instances where both the CRP and Asset Class attributes are deemed low priority, then the corresponding Scoping Segment will be "Out of Scope."

Illustrative 1.2.2 Quantitative Scoping Activities Outcome

		Corporate Debt	
Scoping Segment		Insurance Industry Exposure	Growth
Example CRP	Insurance Industry Exposure	In Scope	In Scope
	Growth	In Scope	Out of Scope

Result: Example CRP, Corporate Debt: In Scope

1.2.2.2 Spread Comparison

The next quantitative scoping activity involves a spread comparison at the security level. In scope securities will be segmented by rating band. Origination spreads for the in scope securities will be compared to the overall spreads within a given rating band. Spread comparisons may consider rating band, asset class or security type, and relevant security characteristics to the extent the data permits. Where appropriate and feasible, spread comparisons can be expected to account for additional factors outside of credit profile that may impact spread such as market conditions, tenor, and origination timing. The purpose of this analysis is to identify potential outliers for further

review, not to conclude that a rating based on spread alone is inappropriate. The process will include:

- Identification of individual security outliers within the rating band. Thresholds to determine outliers will be monitored overtime but may include statistical measures such as standard deviations from the mean, quartile outliers or alternative approaches.
- Review of the asset classes that the individual outlier securities fall into to determine if additional asset class qualitative scoping assessment is warranted. Individual security outliers will be subject to Detailed Testing Procedures as outlined in Section 3.

1.2.2.3 Historical Rating Change Analysis

The next quantitative scoping activity, historical rating change analysis, involves comparison of the following for in scope securities:

a) Securities previously assigned a designation by the SVO or SSG
b) Securities previously rated by one CRP now rated by another CRP

These securities will be reviewed to determine whether there has been a material increase in rating from the prior rating or designation provider. Those securities that have an improvement of three or more sub-notches compared to the prior rating or designation will be subject to Detailed Testing Procedures as outlined in Section 3 below.

1.2.2.4 Assessment of CRP-Rated Security Performance

The final quantitative scoping activity involves reviewing an insurer's financial position (based on its annual statements, for example) to identify indicators of investment performance deterioration, such as instances where insurers have taken impairments on investments with high FE/PLR NAIC Designations (e.g. NAIC 1 and 2 Designations), and from that data assessing whether the operative CRP rating is properly adjusting for credit or other asset deterioration.

1.2.3 Qualitative Scoping Activities

1.2.3.1 SEC Assessment and Monitoring Over Rating Agencies

Under the Credit Rating Agency Reform Act (2006) and Section 15E of the Exchange Act, the U.S. Securities and Exchange Commission (SEC) (through its Office of Credit Ratings) examines each NRSRO annually. Importantly, the SEC cannot regulate the substance of ratings or methodologies, but it can enforce compliance with laws, rules, and governance standards.

In order not to duplicate efforts under the SEC's regulatory oversight efforts, the NAIC may rely on findings, data, or other information provided by the SEC to inform the NAIC's Scoping Assessment. The NAIC will make a judgement as to whether the information constitutes a material risk to ratings of a given CRP. We expect that to constitute a material risk to ratings of a given CRP, the information from the SEC would need to be significant and that a conclusion that would impact scoping, within the Framework, based on the information is likely to be rare.

At its discretion, the NAIC may also utilize findings, data or other information from other jurisdictions including but not limited to the Bermuda Monetary Authority (BMA), the European Securities and Markets Authority (ESMA), the Financial Conduct Authority (FCA) and the Japanese Financial Services Agency (JFSA) to make a qualitative judgement about whether information under other jurisdictions indicate material risk to ratings of a given CRP. If that determination is affirmative, that CRP will be assessed as "In Scope" across all asset classes.

1.2.3.2 Additional Qualitative Assessment

The CRPWG may also utilize additional qualitative assessments to inform their scoping conclusions for CRPs and asset classes. These qualitative factors include but are not limited to:

- CRP methodologies with significant qualitative approaches in their methodology (e.g.,, lack of specific factors, thresholds and defined weightings in publicly available methodology documentation)
- CRP methodologies with significant qualitative adjustments to quantitative approaches included as part of the overall rating methodology
- Market-driven events or emerging asset class trends that can be reasonably expected to affect the risk reflected in CRP ratings or ratings for particular asset classes
- Results of a prior-year Risk Assessment or Detailed Testing Procedures that indicate elevated risks of a given CRP or asset class
- Information from regulators or relevant NAIC groups, for example, findings from the Financial Analysis Working Group.

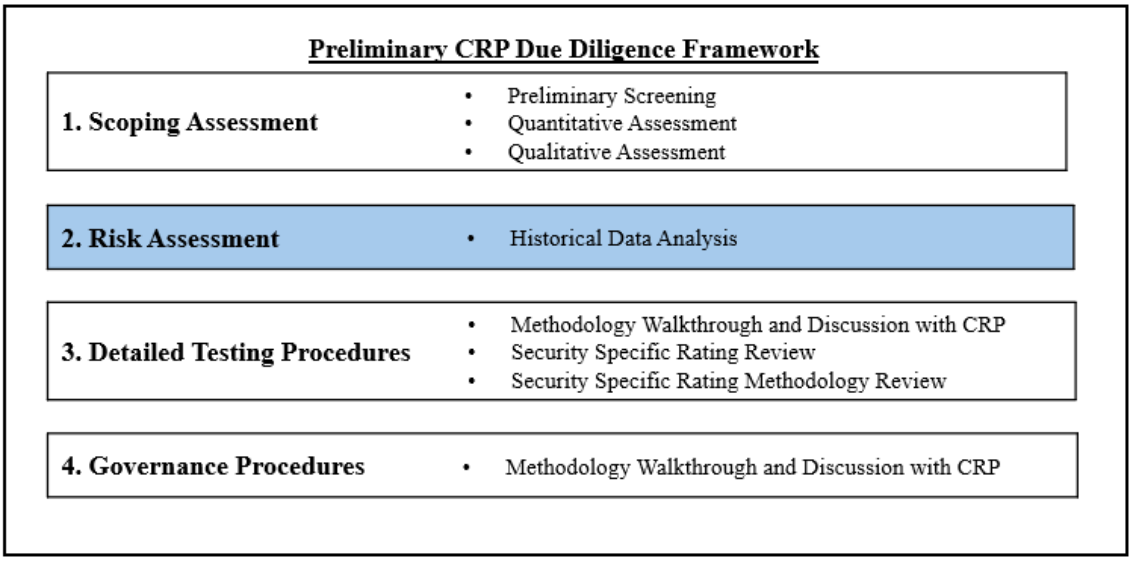
1.3 Expected Outcome

The results from the CRP and Asset Class scoping activities are then combined to determine which CRP/asset class intersections, or "Scoping Segments," should be prioritized for further analysis, based on cumulative results of the Scoping Assessment.

Final Scoping Activity Outcomes:

Scoping Activity	Outcome Categories	Logic	Final Scoping Outcome
1.2.1 Preliminary Scoping Activities	- New CRP - New Asset Class - Material Methodology Change - CRP or asset class with <2 years of historical data	If any condition is met, the Scoping Segment automatically qualifies for Section 3 Detailed Testing Procedures	Automatically **"In Scope"**
1.2.2 Quantitative Scoping Activities	CRP Scoping: • Insurance Industry Exposure (High/Low) • Growth (High/Low) Asset Class Scoping: • Insurance Industry Exposure (High/Low) • Growth (High/Low) Spread Comparison • Outlier • Non-outlier Historical Rating Change Analysis	A scoping segment is "In Scope" if either the CRP or Asset Class has a High Priority outcome in any attribute (Insurance Industry Exposure or Growth). If all attributes for both CRP and Asset Class are Low Priority, then segment is "Out of Scope." A security-specific origination spread is determined to be an outlier within a specific rating band if the spread is materially higher or lower than the population average. Comparison of an individual security rating or SVO or SSG designation as the rating or designation provider has changed to determine when material improvements have occurred with the change in provider.	**"In Scope"** if any attribute is High Priority **"Out of Scope"** only if all four attributes are low priority **"Outliers"** if the spread difference is above tolerance threshold, securities bypass risk assessment and are subject to Detailed Testing Procedures **"Material Rating Change"** Individual securities with a rating change of three rating subcategories are subject to Detailed Testing Procedures
1.2.3 Qualitative Scoping Activities	-SEC or other jurisdiction findings indicate material risk to ratings of a given CRP -Additional qualitative assessment	If NAIC review of SEC findings or findings across other jurisdictions indicate material risk, the entire CRP is deemed "In Scope," across all asset classes, irrespective of preliminary or quantitative results. If additional qualitative assessment indicates risk to a specific CRP or asset class the entire CRP, specific asset classes for a given CRP, or an entire asset class may be deemed "In Scope"	SEC or other jurisdiction findings: CRP **"In Scope"** across all asset classes Additional qualitative assessment: entire CRP, asset class for a given CRP or entire asset class determined to be **"In Scope"**

2. Risk Assessment



2.1 Risk Assessment Overview

In the Risk Assessment, quantitative methods are used to facilitate the selection of securities for incremental detailed testing, as described in Section 3 of this document. The goal of these procedures is to assess the equivalency of CRP ratings that is implied by the CRP rating to NAIC Designation mapping (the "NAIC Translation Matrix"). Using quantitative methods designed to accept or reject either the hypothesis of equivalency or non-equivalency of ratings across comparable Test Segments allows the NAIC to focus its detailed testing efforts on Test Segments of securities that exhibit the potential for systematic disagreement across the CRPs. Systematic disagreement across comparable Test Segments of securities implies that the CRP ratings that are mapped to analogous NAIC Designations may not be equivalent. The Risk Assessment functions as the analytical bridge between Scoping (what to examine) and Detailed Testing Procedures (how to examine), enabling the NAIC to apply data-driven rigor in determining which CRP-ratings within comparable Test Segments of securities present elevated risk.

By assessing rating equivalence, Risk Assessment provides empirical evidence to support supervisory decisions, enhance transparency, and ensure proportional regulatory focus. The goal is to establish a quantitative foundation for risk tiering that can be used to define which Test Segments warrant further testing (and the extent of that testing).

Using historical CRP and asset class data, NAIC applies time-series, cross-sectional, and pooled-time-series descriptive and statistical analyses to evaluate rating performance across time and between rating providers. (Refer to *Appendix B – Preliminary Asset Class Segmentation*)

The outcome of this process includes:

- A quantitative assessment of rating alignment, across CRPs for Test Segments (as defined below) of securities.
- Identifying potential systematic differences that may indicate misalignment across CRPs within certain Test Segments.
- Classification of Test Segments (as defined below) into High, Moderate, or Low Priority, setting thresholds for further diligence procedures.

2.2 Defining the Test Segments for Quantitative Risk Assessment

Defining the appropriate segments for quantitative testing (the "Test Segments") is a foundational part of the Risk Assessment. While an idealized set of Test Segments can be defined for the purposes of developing the Risk Assessment framework, in practice, there are limitations due to a) the availability of certain data attributes, b) the reliability of certain data attributes, c) the limited history associated with certain data, and d) the number of available observations available to make meaningful statistical inferences.

Accordingly, Test Segment definitions are expected to evolve over time and will be informed by data availability, asset class characteristics, rating coverage, statistical reliability, and implementation experience. The Framework is not intended to prescribe a static segmentation taxonomy. Rather, Test Segments will be defined and refined as needed to support meaningful, risk-based analysis while maintaining sufficient flexibility to accommodate changes in insurer holdings, CRP rating coverage, and available data.

For the purposes of this Framework, the data used to perform the quantitative risk assessment procedures is limited to a) data supplied by the rating agencies to the NAIC, b) data reported to the NAIC by insurance companies, and c) data the NAIC licenses. Due to limitations in the available data, it may be necessary to segment the data in a way that produces larger Test Segments than would be ideal in a more refined segmentation analysis (e.g. more granular homogenous Test Segments). Once the Test Segments are determined, if those Test Segments result in population sizes that do not meet minimum viable sizes to inform statistically significant findings, the Test Segments may be grouped into larger populations as needed. As a result, this may impact the level of detailed testing that is performed. Additionally, it may be necessary to extrapolate results across Test Segments (e.g. applying findings from jointly rated securities to comparable single-rated securities).

The table below presents an illustrative, idealized set of fields considered when defining Test Segments for equivalency testing. Certain idiosyncratic characteristics of the securities (such as borrower financial information) are excluded, as obtaining this data from each CRP, for each security, over a meaningful time period is not practical or feasible. Augmentation of the data with publicly available and vendor data sources can and should be considered to the extent that they are practical, facilitate the refinement of the Test Segments, and expand the population of securities available for quantitative testing.

Segmentation	Description	Potential Limitations
Public / Private	Indicates whether a rating is publicly available (public) or not publicly disclosed (private)	The population of privately rated securities with ratings from multiple CRPs is limited.
Asset Class or Security Type	e.g. Corporates, CLOs, etc.	Granularity is limited in the available data, particularly amongst privately rated securities. Self-reported data can be inconsistent across institutions and may be subjective in some cases.
Industry	e.g., Financial, Technology, etc.	Self-reported data can be inconsistent across institutions and may be subjective in some cases. When including Industry, certain Test Segments may have limited observations.
Investment Grade (IG) vs Non-Investment Grade	Test Segments may consider the bifurcation of securities into investment grade and non-investment grade tiers for analysis. Non-IG ratings may exhibit more ratings volatility and/or a higher risk of non-equivalency across CRPs.	Further segmentation into IG vs Non-IG ratings could further reduce the observations available for testing purposes.
Jointly Rated / Single Rated	Test Segments can be divided into groupings with one CRP rating versus multiple CRP ratings	There are a significant amount of single rated securities, which limits the available tests that can be performed
CRP	The rating agency that provided a given credit score.	The time series associated with certain credit rating providers in certain Test Segments may be limited

2.3 Key Activities

The Key Activities table below presents the following:

- **Activity –** A high-level overview of the types of statistical tests that would be conducted to evaluate rating equivalence across predefined Test Segments is provided below. The feasibility of each activity will depend on data availability. It is expected that the availability, volume, and quality of data will improve over time, enabling a broader range of activities to be performed. Upon adoption of the Framework, testing may be limited to analyses that can be conducted on jointly rated securities. As indicated above, as the NAIC gains more experience with the Framework, it may determine that it needs to use other tests and processes it deems appropriate to determine the reasonableness of a CRP's ratings for NAIC purposes.
- **Data Requirements – A high-level description** of the data required from each CRP to perform the activity

- **Example Tests –** Examples of descriptive and/or statistical tests designed to test CRP equivalency/non-equivalency across each Test Segment. The universe of tests (descriptive or statistical) within each "Activity" area will be refined and is a function of the available data within each Test Segment. Given the data limitations, not all of the example tests will be utilized in the Risk Assessment of the Framework.
- **Illustrative Thresholds** – Hypothetical thresholds related to the Example Tests that can be used to classify the Test Segments into priority cohorts (e.g. Low, Moderate, and High) and ultimately determine the level of detailed testing that may be required. The thresholds presented below are illustrative statistical thresholds for consideration and will ultimately be refined.
- **Expected Outcomes –** The potential outcomes of the tests that would allow for the classification of each cohort into their respective priority buckets (low, moderate, high)

Activity[3]		Data Requirements[4]	Example Tests	Illustrative Thresholds[5]
Event-Based and Predictive Equivalence Tests	1) Identification of deviations between CRP ratings and realized default frequency or losses. 2) Assessment of whether CRP ratings rank-order risk appropriately.	Historical ratings and realized default data (binary outcomes) over time.	- ROC & AUC analysis; - CAP / Accuracy Ratio	- AUC > 0.7 = good discrimination. - AR/CAP > 0.6 = strong predictive power.
Descriptive and Distributional Tests	Compare rating distributions and migration patterns across CRPs to test alignment in rating philosophy (equivalency) and stability.	Long-term historical ratings from multiple CRPs and relevant rating change/review dates.	- Comparison of Transition matrices and Ratings histograms; - Chi-square test - Kolmogorov–Smirnov (KS) test;	- KS test: $p \geq 0.05 \rightarrow$ no significant difference. - Chi-square: $p \geq 0.05 \rightarrow$ independent distributions. - Kullback-Leibler (KL) divergence (> .05 higher risk of divergence).
Correlation and Association Tests of jointly rated securities	Detect divergence or systemic biases in jointly rated securities.	Matched security ratings from multiple CRPs.	- Spearman's ρ; - Kendall's τ; - Cohen's κ; - Concordance Correlation Coefficient (CCC)	- Spearman's ρ / Kendall's τ > 0.8 = strong agreement. - Cohen's κ > 0.8 = high; 0.6–0.8 = moderate; < 0.6 = weak. - CCC $\approx 1 \rightarrow$ high equivalence.
Time-Series Equivalence Tests	Identifying equivalency in ratings over time (changes in ratings)	Time-series issuer ratings from multiple CRPs that include specific rating review/change dates.	- Cointegration (Engle–Granger, Johansen); - Cross-correlation functions; -	- Cointegration → shared long-run equilibrium. - CCF: peaks near lag 0 → no leader/laggard; lag > 0 → leader/laggard exists. -

Benchmark Comparison Test: Compare spreads at origination with ratings as of origination across each Test Segment to identify spread outliers and benchmark spreads by Test Segment.

The thresholds, tests, sampling approaches, and related procedures described in this Framework are intended to provide an initial implementation structure and may be refined over time as data quality improves, additional analytical history becomes available, and the NAIC gains experience operating the Framework

[3] Initial testing may be limited to tests of jointly rated securities ("Correlation and Association Tests of jointly rated securities")
[4] The use of particular activities / tests may depend on the nature and scope of the data received from CRPs.
[5] Concluded thresholds and resulting Risk Assessment outcomes to be finalized once additional data analysis is performed.

Test Segments that lack sufficient data or reliable history will initially default to High Priority status and proceed to qualitative review or Detailed Testing.

2.4 Expected Outcome

The Risk Assessment should result in a priority classification for each Test Segment that is based on tests that result in quantifiable outcomes with pre-defined thresholds.

It provides:

- A clear High / Moderate / Low Priority rating, by Test Segment.
- Identification of cohorts requiring detailed testing or additional qualitative review.
- Analytical insights into CRP rating behavior, performance alignment, and systemic differences.
- A composite Risk Assessment Report summarizing test results, thresholds applied, and rationale for each classification.

The expected outcome of the Risk Assessment is to ensure that subsequent due diligence activities are proportionate to the level of perceived risk, forming a cornerstone for the NAIC's risk-based oversight of CRP reliance.

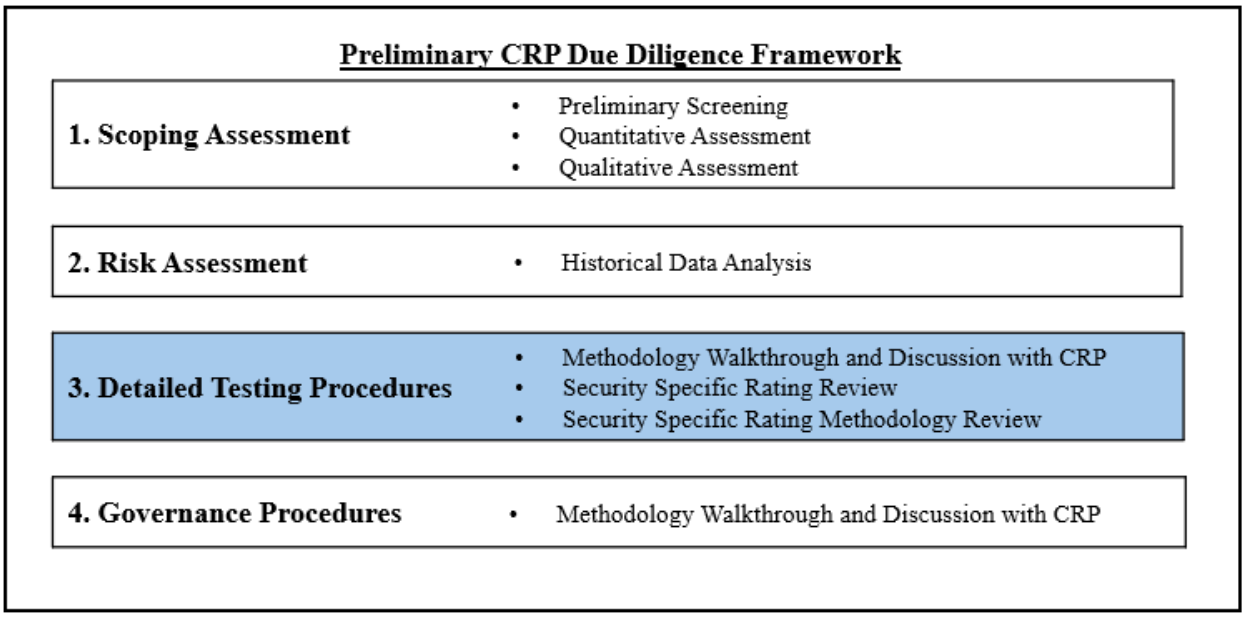
Illustrative 2.4.1 Risk Assessment Activities Outcome

For a hypothetical Test Segment, the risk assessment procedures will categorize each security and CRP combination within that Test Segment as High, Moderate, or Low Priority, as illustrated in the table below. In the case below, CRP X ratings are statistically different from the other CRP ratings in the example Test Segment, signaling that CRP X ratings may be systematically not equivalent to the other CRP ratings.

Correlation and Assocation Test of Jointly Rated Securities (Example Results by Illustrative Test Segment)						
Public Private	**Asset Class**	**Industry**	**IG/Non-IG**	**Jointly Rated**	**Test Result**	**Outcome**
Public	Corporate	Drilling Oil and Gas	Non-IG	Y	CRP X > Threshold	High
Public	Corporate	Drilling Oil and Gas	Non-IG	Y	CRP Y < Threshold	Low
Public	Corporate	Drilling Oil and Gas	Non-IG	Y	Low Threshold < CRP Z < High Threshold	Moderate

The Asset Class "Corporate" being a security issued by an operating entity consistent with the Statement of Statutory Accounting Principles (SSAP) No. 26 – Bond definition for an issuer obligation.

3. Detailed Testing Procedures



3.1 Detailed Testing Procedures Overview

Detailed Testing Procedures are performed when Scoping and Risk Assessment indicate elevated priority. Detailed testing includes methodology walkthroughs and security-specific rating reviews that focus on verifying the reasonableness of CRP ratings, as further defined in Section 3.2.1 below. Their primary purposes are to determine future ongoing due diligence activities and potential remediation actions, ensuring that the reliance on CRPs and Translation Matrix outcomes are governed by sufficient NAIC oversight and are well substantiated.

3.1.1 Sampling Approach

Sampling for Detailed Testing Procedures will be directly informed by the priority classifications of High, Moderate, or Low established during the Risk Assessment.

The sampling methodology will emphasize that higher priority Test Segments require larger sample sizes and a lower tolerance for unreasonable results in Detailed Testing Procedures. While final sample sizes are still to be determined, the approach may leverage statistical or judgmental (nonstatistical) sampling techniques depending on the characteristics of Test Segments and data availability. Risk-based sampling is expected to be informed by both the priority classifications (High, Moderate, and Low) in the current year and the outcomes of the prior year Detailed Testing Procedures (reasonable vs. unreasonable and Translation Matrix equivalency findings). Test Segments from the prior year where Detailed Testing Procedures determined results were unreasonable or Translation Matrix equivalency was at risk for a CRP or asset class will be expected to be subject to increased sampling.

Sampling is intended to produce findings that can inform views for each Test Segment.

3.2 Key Activities

The Detailed Testing Procedures outlined below will be conducted by the NAIC in coordination with the CRPs. These procedures are designed to evaluate the reasonableness of CRP ratings. All data requests, follow-up analyses, and methodological discussions related to these procedures will be managed directly between the CRPWG and the respective CRPs.

3.2.1 Detailed Testing Procedures

(a) **Methodology Walkthrough and Discussion with CRP** — Conduct technical walkthroughs to understand asset class scope for the methodology, methodology design, input assumptions, and quantitative and qualitative analysis conducted by a CRP for a given asset class or group of asset classes to understand details of the CRP methodology and determine the appropriate level of subsequent Security-Specific Review. (See Appendix A – CRP Methodology Walkthrough Questionnaire for an illustrative questionnaire to guide methodology walkthroughs with CRPs.)

(b) **Security-Specific Rating Review:** Perform an independent rating analysis.

a. NAIC to perform rating analysis, leveraging an acceptable methodology (as outlined in the P&P Manual) and an independent approach, to assess the reasonableness of the CRP rating provided.

b. When performing an independent rating analysis, the NAIC will consider the most recent available public rating and any changes in rating from the latest insurer filing. When performing an independent rating analysis for a private security, the NAIC will request the most recent private rating letter from the CRP to perform the analysis.

Materiality: When performing a rating review, apply the NAIC's three sub-notch materiality tolerance threshold—as defined under the Ratings Challenge Authority in the P&P Manual—as the acceptable deviation threshold between independent and CRP-assigned ratings. Deviations beyond this tolerance are determined to be unreasonable and will be flagged for escalation.

(c) **Security-Specific Rating Methodology Review:** Perform an independent rating methodology review for a sample security that includes an assessment of the methodology selected by the CRP, accuracy of inputs, assessment of assumptions, and model accuracy to assess the reasonableness of the CRP rating provided for the sample security.

3.2.2 Detailed Testing Procedures Application

3.2.2.1 Test Segments in Scope based on 1.2.1 Scoping Activities

When Scoping Activities, as described above in Section 1.2. indicate "In Scope", Detailed Testing Procedures will include a Methodology Walkthrough and Discussion with CRP as described above. The results of those procedures will determine what level of additional security-specific detailed testing is appropriate, if any.

3.2.2.2 Test Segments "In Scope" and Categorized Based on 2. Risk Assessment Procedures

Following the Scoping Assessment determination of "In Scope" as described in Section 1 above, the nature and extent of Detailed Testing Procedures will be determined based on the outcome of the Risk Assessment for each identified Test Segment as follows:

- Low Priority Test Segments are expected to be subject to Methodology Walkthrough and Discussions with CRPs with no additional security-specific Detailed Testing
- Moderate Priority Test Segments are expected to be subject to moderate security-specific Detailed Testing
- High Priority Test Segments are expected to be subject to the highest level of security-specific Detailed Testing

3.3 Expected Outcome

Detailed Testing Procedures develop an independent and well-documented view on the reasonableness of CRP asset class ratings to inform views on Translation Matrix equivalency or risk of a given CRP or asset class.

4. Governance Procedures

Preliminary CRP Due Diligence Framework

1. Scoping Assessment	• Preliminary Screening • Quantitative Assessment • Qualitative Assessment
2. Risk Assessment	• Historical Data Analysis
3. Detailed Testing Procedures	• Methodology Walkthrough and Discussion with CRP • Security Specific Rating Review • Security Specific Rating Methodology Review
4. Governance Procedures	• Methodology Walkthrough and Discussion with CRP

4.1 Governance Overview

Governance ensures that Framework activities are successfully implemented, sustained, and able to evolve as needed overtime via appropriate review processes and feedback loops. A well-defined governance structure will facilitate transparency, as needed, and provide clearly defined roles and responsibilities for both NAIC stakeholders and CRPs. Lastly, a robust governance structure enables timely and effective risk mitigation via remediation actions, when appropriate. To enable the Framework to evolve as needed, this Framework may be amended by the CRPWG, with adoption by parent task forces and committees, as appropriate, following standard NAIC meetings, exposure and public comment protocols.

4.1.1 CRP Due Diligence Framework Activities

The table below outlines the cadence of the Framework procedures, beginning with data collection, followed by risk assessment and quantitative testing, and culminating with detailed testing and governance procedures.

Activity
Scoping Assessment
Data Receipt from InvAWG and IDAWGs
Quantitative and Qualitative Scoping Analysis
Risk Assessment
Defining Test Segments
Conducting Quantitative Tests
Priority Classification Results
Detailed Testing Procedures
CRP Methodology Walkthrough and Discussion with CRPs
Sampling Procedures
Security-Specific Sample Reviews
Governance Procedures
Produce Annual Report Summarizing CRP Due Diligence Findings
Review and Approval of Remediation Actions
Updates and Enhancements to CRP Due Diligence Framework

4.1.2 Roles and Responsibilities[6]

The overall interaction model among the working groups that make up the IATF in support of the Framework will be defined in their annual charges and posted on their respective web pages on the NAIC's website.

The CRPWG is currently charged with primary responsibility for the oversight and execution of the Framework activities including coordination with CRPs to obtain necessary data to execute the due diligence activities. The application of the Framework—including data collection, analysis, testing activities, and preparation of materials – may be performed by a combination of CRPWG regulators, NAIC staff overseen by the CRPWG, and may leverage additional NAIC staff resources as appropriate.

[6] The roles and responsibilities of the working groups under the Invested Assets (E) Task Force have been established as of the January 1, 2026, reorganization date and may be revised in the future.

On an annual basis, the CRPWG will prepare a report to be presented to the IATF that summarizes key findings, observed trends, and adopted remediation actions as further detailed below in Section 4.2.1 Annual Report, for the IATF's consideration. The CRPWG will review and maintain key design decisions (e.g., thresholds, quantitative tests) that make up the Framework and adjust the design as needed on an on-going basis.

The IATF will review the annual report produced by the CRPWG. The CRPWG's parent committees (IATF, E Committee, Plenary) are responsible for final approval of all Tier 2 remediation actions, as defined below, to maintain independence and impartiality. The CRPWG shall have authority as it relates to Tier 1 remediation actions, as defined below.

4.2 Key Activities

4.2.1 Annual Report

The CRPWG Annual Report may include, but is not limited to:

- **Scoping Assessment**: Summary of observations and trends: providing insights into– new or developing asset classes and CRP methodologies, insurer CRP and asset class insurance industry exposure and growth and SEC review findings by CRP.
- **Risk Assessment**: Identification and priority classification of Test Segment results to determine in scope population for detailed testing activities – a composite Risk Assessment Report summarizing test results, thresholds applied, and rationale for each classification that results in analytical insights into CRP rating equivalency.
- **Detailed Testing Procedures**: Summary of findings and trends observed through methodology walkthroughs and detailed security-specific reviews and the implications on the Translation Matrix equivalency or risk of a given CRP or asset class.
- **Governance Procedures**:
    - Recommended remediation actions: providing remediation actions for approval based on the findings of the preceding Framework procedures
    - Forward-looking Adjustments: providing insights into how findings impact future year activities and recommend changes (e.g., procedures, thresholds, etc.)

Aspects of the CRPWG Annual Report may include confidential information that will be provided to the IATF in a regulator-only meeting in accordance with the NAIC's Open Meetings Policy on such issues.

4.2.2 Remediation Actions

Remediation actions represent the critical enforcement mechanism within the NAIC Framework - translating analytical findings into actionable outcomes. They ensure that any identified deficiencies, methodological inconsistencies, or rating outcome deviations are addressed promptly and proportionately. The goal of remediation actions is to address inconsistencies in rating practices or Translation Matrix outcomes.

The application of remediation actions will reflect both the severity and persistence of issues observed during the Risk Assessment and Detailed Testing Procedures. Remediation may range from heightened monitoring and data clarification requests to more consequential interventions, such as Translation Matrix

adjustments or removal of a CRP or asset class from FE/PL eligibility, or removal of ratings assigned under a specific CRP methodology. Possible remediation actions may include but are not limited to:

Tier 1: Remediation Actions:

1. **Watchlist / Enhanced Monitoring** – applied in cases for minor deviations or data limitations where further observation is warranted before taking further remediation actions.
2. **Additional Detailed Testing Scope** – additional testing assigned to specific CRPs or asset classes where data is limited or preliminary findings indicate emerging risk or inconsistency in rating outcomes or methodology application (such inconsistencies include potential patterns of unreasonable ratings or unsupported methodology applications identified through Detailed Testing Procedures), or lack of comparability.

Tier 2: Remediation Actions:

1. **Require More Than One Rating** – In the event rating inconsistencies are identified and persist, the NAIC may require additional ratings to support PL or FE submissions.
2. **Translation Matrix Adjustment** – implemented when systemic rating inconsistencies are observed for a given CRP or asset class, indicating misalignment between CRP ratings and NAIC Designations
3. **Removal of Filing Exempt Status for an Asset Class** – triggered by repeated inconsistencies in CRP ratings for a given asset class.
4. **CRP De-admittance** – considered in cases of persistent inconsistencies with rating methodology or outcomes.

For CRPWG remediation action determinations that are materially adverse to a CRP, a confidential and detailed explanation of the decision shall be provided to the subject CRP, prior to any adverse decision being made public. Following receipt of notice of a remediation action, the subject CRP may communicate with the CRPWG or staff regarding related questions or other concerns. Such communication may involve discussions of data, to the extent CRPWG data isn't subject to confidentiality restrictions. Subsequently, the CRP shall be able to present its opposition to the CRPWG determinations in a regulator-only session, including explanatory context and any new materials. Recommended remediation actions, if any, by the CRPWG will then be subject to the CRPWG's parent committees (IATF, E Committee, Plenary), as described above.

Following approval of a remediation action and notification to the affected CRP, the NAIC may provide public notice, as deemed appropriate and subject to confidentiality considerations. All public communications related to CRPWG remediation action determinations shall be specific enough to relay the primary rationale for the decision while remaining sufficiently general to protect confidential information.

Such notice is intended to provide affected stakeholders, including insurers, with notice of the remediation action and sufficient time to evaluate potential impacts before implementation. Once the remediation action is finalized, a defined notice period of 120 days, consistent with existing filing requirements outlined in the 2025 P&P Manual, will be provided prior to implementation to mitigate significant market impact. Affected

insurers may request an extension from the Credit Rating Provider Working Group when practical constraints prevent completion of necessary actions within the initial period. Any extension will be subject to CRPWG approval and based on the relevant facts and circumstances at that time. All Remediation Actions will apply on a prospective basis only. Prospective application means that a Remediation Action will not result in revisions to previously filed statutory financial statements or risk-based capital calculations and will not change the treatment of an affected security for a financial reporting date that occurs during the applicable remediation notice period (subject to a regulator's determination that such restatement is necessary for its regulatory purposes). For example, if a remediation notice period extends across a year-end financial reporting date, an insurer may continue to use the existing CRP-derived designation for the affected security for that year-end reporting date. Prospective application does not grandfather a security from the Remediation Action. Upon expiration of the remediation notice period, the insurer must have obtained an alternative CRP rating or NAIC Designation for the affected security.

CRPs subject to de-admittance may be permitted to reapply for CRP status at a later date, subject to applicable acceptance criteria. Any re-admittance will be subject to the same acceptance criteria and review process applicable to a new CRP applicant. The nature and extent of the re-admittance review may be determined on a case-by-case basis and may focus on the facts and circumstances that led to de-admittance, including whether the CRP has remediated the identified issue or provided sufficient evidence that the concern has been addressed.

4.3 Expected Outcome

Governance and remediation activities are designed to support a transparent oversight framework that ensures due diligence findings translate into timely, transparent, and proportionate actions.

Expected outcomes include:

- Structured, scalable, and pragmatic oversight to support the NAIC's reliance on CRP-provided ratings, including a process for identifying and escalating rating inconsistencies.

Appendices

Appendix A – CRP Methodology Walkthrough Questionnaire

Methodology Walkthrough Questionnaire
This illustrative questionnaire is designed to guide the NAIC's walkthrough with CRPs during detailed testing. It is understood that certain information about CRP methodologies is available publicly. The purpose of this questionnaire is to facilitate discussion between the CRPs and NAIC and to allow the NAIC an opportunity to ask questions about publicly available methodologies and gain a deeper understanding of CRP approaches.

The end objective is to validate that CRP methodologies used in rating securities are transparent, consistently applied, and conceptually aligned for purposes of determining NAIC Designations based on the Translation Matrix.

1. *Scope and Applicability*
    - What asset classes does this methodology cover?
    - When was the methodology last materially updated or recalibrated?
    - What triggers a formal methodology review or an internal update (e.g.,, market change, data availability, regulatory feedback)?
2. *Governance Oversight*
    - Describe the internal governance process for methodology approval and change control.
    - Which committees or governing bodies are responsible for approving updates?
    - How are changes communicated to external stakeholders (e.g., issuers, investors, and regulators)?

A) Analytical Framework and Inputs

3. *Model Structure*
    - Please discuss the core model architecture (e.g.,, scorecard, regression, cash flow simulation, expert judgment).
    - What are the primary input assumptions and drivers of rating outcomes (e.g.,, leverage, coverage, collateral type, tranche structure)?
    - How are qualitative factors (management quality, governance, ESG considerations) incorporated or weighted?
4. *Data and Assumptions*
    - What data is used to determine the rating methodology approach? How is it sourced, how frequently is it updated and how is it reviewed or validated?
5. *Sensitivity and Backtesting*
    - How does the CRP validate the predictive performance of the model?
    - Provide results from the most recent backtesting, calibration, or validation cycle.
    - Describe how stress testing or scenario analysis is incorporated to assess model robustness.

B) Rating Process and Application

6. Analyst Judgment and Overrides

- Under what conditions may an analyst override a model outcome?
- How are overrides documented, reviewed, and approved internally?
- What percentage of ratings historically involved an override?

7. Consistency and Transparency

- How does the CRP ensure consistency in ratings across analysts, geographies, or time periods?
- Are internal audits, peer reviews, internal challenge, etc. conducted on rating application consistency?

C) Performance Monitoring and Review

8. Ongoing Monitoring

- How frequently is rating performance monitored against realized outcomes (defaults, transitions)?

- What performance metrics are tracked (e.g., accuracy ratio, Gini, drift metrics)?
- If applicable, how are outcomes used to refine methodologies?

9. Weakness Identification and Remediation

- How are methodology weaknesses or data gaps identified internally?
- What internal escalation or remediation protocols exist?

D) NAIC-Specific Alignment and Transparency

10. Data Provision and Accessibility

- Can you meet the data requirements requested by the NAIC to support on-going due diligence on a go forward basis? Identify any confidentiality or intellectual property constraints that may limit full transparency.

E) Summary and Supporting Materials

11. Supporting Documentation

- Attach the most recent methodology document, and evidence of internal review and challenge, as available.

12. Attestation

- Confirm that the responses provided herein are complete and accurate to the best of the CRP's knowledge.
- Provide name, title, and contact information for the responsible officer.

Appendix B – Preliminary Asset Class Segmentation

The following section outlines potential approaches for identifying the asset class of individual securities for purposes of segmentation. The approaches are not mutually exclusive and may be applied on a standalone basis or in combination, depending on data availability and quality. Collectively, these options are intended to provide a pragmatic basis for consistent asset class identification across insurer holdings while allowing flexibility in implementation.

1. **Option 1 –** Leverage existing Insurer Statutory Filings
    a. *Pre-2024 Data*
        i. Current data segmentation

Current Data Segmentation
Commercial Paper
Corporate Bonds / Notes
Credit Facilities
Term Loans
Depository Receipts
Municipal Debt
Sovereign or Government Agency Debt
MBS*
Structured Products
Syndicated Loan Deals

*-Limitation – Current state information is not detailed enough to segment out of scope RMBS and CMBS that are not filing exempt.

    b. *Post-2025*
        i. Enhanced Insurer Schedule D1.1 (ICOs) and D1.2 (ABS) Filing Segmentation

D1.1 (ICOs)	D1.2 (ABS)
U.S. Government Obligations (Exempt from RBC)	Agency Residential Mortgage-Backed Securities - Guaranteed (Exempt from RBC)
Other U.S. Government Securities Obligations (Not Exempt from RBC)	Agency Commercial Mortgage-Backed Securities - Guaranteed (Exempt from RBC)
Non-U.S. Sovereign Jurisdiction Securities	Agency Residential Mortgage-Backed Securities - Not/Partially Guaranteed (Exempt from RBC)
Municipal Bonds - General Obligations (Direct and Guaranteed)	Agency Commercial Mortgage-Backed Securities - Not/Partially Guaranteed (Exempt from RBC)
Municipal Bonds - Special Revenue	Non-Agency Residential Mortgage-Backed Securities (Unaffiliated)
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	Non-Agency Residential Mortgage-Backed Securities (Affiliated)
Project Finance Bonds Issued by Operating Entities (Affiliated)	Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated)
Corporate Bonds (Unaffiliated)	Non-Agency Commercial Mortgage-Backed Securities (Affiliated)
Corporate Bonds (Affiliated)	Non-Agency - CLOs/CBOs/CDOs (Unaffiliated)
Mandatory Convertible Bonds (Unaffiliated)	Non-Agency - CLOs/CBOs/CDOs (Affiliated)
Mandatory Convertible Bonds (Affiliated)	Other Financial Asset-Backed Securities - Self-Liquidating (Unaffiliated)
Single Entity Backed Obligations (Unaffiliated)	Other Financial Asset-Backed Securities - Self-Liquidating (Affiliated)
Single Entity Backed Obligations (Affiliated)	Subtotals - Financial Asset-Backed Securities - Self Liquidating
SVO-Identified Bond Exchange Traded Funds - Fair Value	Equity Backed Securities (Unaffiliated)

SVO-Identified Bond Exchange Traded Funds - Systematic Value	Equity Backed Securities (Affiliated)
Bonds Issued by Funds Representing Operating Entities (Unaffiliated)	Other Financial Asset Backed Securities – Not Self-Liquidating (Unaffiliated)
Bonds Issued by Funds Representing Operating Entities (Affiliated)	Other Financial Asset Backed Securities – Not Self-Liquidating (Affiliated)
Bank Loans - Issued (Unaffiliated)	Subtotals – Financial asset Backed Securities – Not Self-Liquidating
Bank Loans - Issued (Affiliated)	Lease-Backed Securities - Practical Expedient (Unaffiliated)
Bank Loans - Acquired (Unaffiliated)	Lease-Backed Securities - Practical Expedient (Affiliated)
Bank Loans - Acquired (Affiliated)	Other Non-Financial Asset-Backed Securities - Practical Expedient (Unaffiliated)
Mortgages Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)	Other Non-Financial Asset-Backed Securities - Practical Expedient (Affiliated)
Mortgages Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	Lease-Backed Securities - Full Analysis (Unaffiliated)
Certificates of Deposit (Unaffiliated)	Lease-Backed Securities - Full Analysis (Affiliated)
Certificates of Deposit (Affiliated)	Other Non-Financial Asset-Backed Securities - Full Analysis (Unaffiliated)
Other Issuer Credit Obligations (Unaffiliated)	Other Non-Financial Asset-Backed Securities - Full Analysis (Affiliated)
Other Issuer Credit Obligations (Affiliated)	

2. **Option 2 –** Supplement Insurer Statutory Filing with CRP Data
    a. CRP identified methodology applied (pending information available upon receipt of CRP data)
        i. Will require asset class mapping across CRP methodologies given known differences in naming conventions
    b. SIC Code for corporate filings

3. **Option 3 –** Supplement Insurer Statutory Filings and CRP Data with external market subscriptions