A State-Based Regulatory Timeline for NAIC's Solvency Oversight

This timeline highlights decades of coordinated state-based solvency oversight by insurance regulators through the NAIC, showing how the framework has continuously adapted to emerging risks, including those associated with private credit and other complex investments.

Timeline

1969

The NAIC adopted the Model Insurance Holding Company System Regulatory Act (Model #440) to establish regulatory authority over insurance holding company systems, focusing primarily on control, affiliate transactions, and solvency protection.

1977

Following high-profile insurer failures (e.g., Equity Funding), the NAIC conducted its first major review and adopted amendments to strengthen oversight, while maintaining the core structure of the Holding Company System Regulatory Act.

1989

State insurance regulators launched the **Solvency Policing Agenda**, strengthening early intervention tools and coordinated solvency oversight following insurer failures in the 1980s.

1993

Risk-Based Capital (RBC) requirements implemented for life insurers, aligning capital more closely with investment and underwriting risks.

1994

RBC framework extended to property and casualty insurers, improving risk-sensitive solvency monitoring.

1998

RBC adopted for health insurers, completing the core risk-based capital framework across major insurance sectors.

1998-2003

Solvency Surveillance Modernization advanced risk-focused financial analysis through the development of FAST (Financial Analysis Solvency Tools).

1999-2001

Data Capture and Delivery Modernization supported the launch of I-Site, providing regulators web-based access to financial, solvency, and market conduct data.

2001

Codification of Statutory Accounting Principles (SAP) standardized accounting rules across states, strengthening consistency and comparability in solvency oversight.

2004

Risk-Focused Surveillance Framework adopted, shifting supervision toward identifying and prioritizing insurers' most significant risks.

2006

Risk-Focused Financial Analysis and Financial Examinations implemented, operationalizing the risk-focused approach; Sarbanes-Oxley (SOX) concepts incorporated into the NAIC Model Audit Rule, enhancing governance and internal controls.

2008

Solvency Modernization Initiative (SMI) launched, a comprehensive review of the U.S. solvency framework in light of evolving risks and global developments.

2010

U.S. Solvency Framework articulation reflecting SMI outcomes and reinforcing a principles-based, risk-sensitive regulatory system.

2010 and 2020

The NAIC expanded the Holding Company Act (Model #440) to address private-equity style ownership by giving regulators visibility into enterprise risk, group capital, liquidity, and affiliate transactions beyond the insurer itself. The act establishes state regulators' authority to oversee insurers within holding company systems, enabling group-wide scrutiny of ownership, affiliate transactions, and investment strategies, including the growing use of private credit, to protect insurer solvency and policyholders.

2011

Uniformity in Reinsurer Evaluation: NAIC initiatives advanced greater uniformity in the financial evaluation of reinsurers across states.

2012

Own Risk and Solvency Assessment (ORSA) Adopted: ORSA adopted as part of the Solvency Modernization Initiative (SMI) to enhance insurers' enterprise risk management and solvency oversight.

2014

ORSA Integrated into Regulatory Framework: ORSA incorporated into both Financial Analysis and Financial Examinations, embedding risk-focused oversight into ongoing supervisory processes.

2016

Enterprise Risk Reporting for Holding Companies: Adoption of the Enterprise Risk Report (Form F) to enhance group-wide risk oversight within insurance holding company systems.

2017

Macroprudential Surveillance Initiative: Launch of NAIC's macroprudential framework, leading to Liquidity Stress Testing (LST) and Macro Risk Assessment to identify and monitor system-wide risks.

Principle-Based Reserving (PBR) for Life Insurance: Implementation of PBR under VM-20, modernizing life insurance reserving through a principles-based, risk-focused approach.

Catastrophe Risk (R-Cat) Models Adopted: Adoption of R-Cat earthquake and hurricane models to strengthen catastrophe risk assessment and capital requirements.

2018

Requirements adopted obligating insurers to submit evidence of private letter ratings to the NAIC's Securities Valuation Office (SVO).

2019

Credit for Reinsurance: Adoption of updated Credit for Reinsurance requirements to strengthen collateral standards and enhance reinsurer oversight.

2020

Macroprudential Initiative and Liquidity Stress Testing: Macroprudential initiatives led to the implementation of Liquidity Stress Testing (LST) for large insurers to assess liquidity risk under stress scenarios.

Group Capital Calculation (GCC): Adoption of the Group Capital Calculation framework to provide regulators with a consistent, risk-based view of capital adequacy at the insurance group level.

2021

Principle-Based Bond Project Initiated: Launch of the Principle-Based Bond Project to modernize bond valuation and capital treatment in response to evolving investment risks.

Risk-Based Capital (RBC) Bond Factors Revised: Updates to RBC bond factors to better reflect underlying credit risk and market developments.

Private Rating Rationale Reports: Introduction of private rating rationale reports to enhance transparency and supervisory understanding of non-public ratings used in regulatory capital assessments. **Securities Valuation Office overview**.

2022

Structured Securities RBC Project Initiated: Launch of the Structured Securities RBC Project to modernize capital treatment for complex and structured investment products.

Regulatory Considerations Applicable to Private Equity-Owned Insurers adopted, addressing governance, affiliated asset managers, and complex investments, including private credit.

The Macroprudential (E) Working Group (MWG) formalized its monitoring through the 13 MWG Considerations. **Macroprudential (E) Working Group**.

2023

Investment Oversight Modernization Framework Initiated: Initiation of the Investment Oversight Modernization Framework to strengthen regulatory review of increasingly complex insurer investment portfolios.

Ongoing – Monitoring of New Entrants, Including Private Equity-Owned Insurers: Development of 13 supervisory considerations to support consistent monitoring and oversight of new and evolving insurer ownership structures.

Ongoing – AG LIII for Complex Assets: Application of Actuarial Guideline LIII (AG LIII) to support consistent valuation and reserving treatment for complex assets.

2024

Procedures adopted authorizing regulators to challenge or override NAIC Designations assigned through the filing exemption process when ratings do not reasonably reflect risk.

2025

Principles for Risk-Based Capital (RBC) Adopted: Adoption of core Principles for RBC to guide future updates and ensure the framework remains risk-sensitive, transparent, and adaptable to evolving insurer risks.

RBC Model Governance and Update Initiative: Launch of the RBC Model Governance and Update Initiative to strengthen governance, improve transparency, and modernize processes for updating RBC models.

AG LV for Assets Supporting Reinsurance: Adoption of Actuarial Guideline LV (AG LV) to establish consistent valuation and regulatory treatment for assets supporting reinsurance arrangements.

NAIC investment oversight structure reorganized by creating the Invested Assets (E) Task Force, replacing the former Valuation of Securities Task Force.

The NAIC established three specialized working groups:

- *Investment Analysis Working Group*
- *Investment Designation Analysis Working Group*
- *Credit Rating Provider (E) Working Group*

2025-2026

Enhanced disclosure and capital alignment

- *Adopted expanded statutory reporting requirements for private placements and complex investments, effective with 2026 reporting.*
- *Continued strengthening of capital treatment, asset adequacy testing, and supervision of structured credit.*

Credit Rating Provider Due Diligence Framework

Comprehensive reassessment of reliance on both public and private credit ratings initiated.

Engaged PricewaterhouseCoopers to develop a Credit Rating Provider Due Diligence Framework, with public exposure and regulator adoption through the NAIC committee process.

2026

Principle-Based Reserving for Fixed Annuities: Implementation of PBR for fixed annuities under VM-22, further extending principles-based reserving across life insurance products.

Current Initiatives

Ongoing Investment Oversight Modernization: Continued advancement of the Investment Oversight Modernization efforts to address evolving investment structures and risk profiles.

Due Diligence Over Agency Ratings: Enhanced regulatory due diligence and review of credit rating agency practices used in capital and solvency frameworks.

RBC Model Governance: Ongoing implementation of strengthened RBC model governance, building on updated principles and oversight processes.

RBC Structured Securities Project: Continued development of the RBC Structured Securities Project to modernize capital treatment for complex investment products.

RBC Interest Rate and Market Risk (C-3): Ongoing work to update RBC Interest Rate and Market Risk (C-3) to ensure alignment with current market conditions and insurer risk profiles.

Together, NAIC-supported tools such as Form F enterprise risk reporting, Own Risk and Solvency Assessment (ORSA), group capital calculations, centralized investment analysis, and supervisory colleges provide the infrastructure that allows state regulators to evaluate complex holding company structures consistently while preserving the state-based system of insurance regulation.

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