EXAMINATION OVERSIGHT (E) TASK FORCE

Draft Pending Adoption

Draft: 8/6/2026

Examination Oversight (E) Task Force
E-Vote
August 7, 2026

The Examination Oversight (E) Task Force conducted an e-vote that concluded Aug. 7, 2026. The following Task Force members participated: Judith L. French, Chair, represented by Zachary Wheatley (OH); Karima M. Woods, Vice Chair, represented by N. Kevin Brown (DC); Peter M. Fuimaono (AS); Ricardo Lara represented by Laura Clements (CA); Michael Conway represented by Rolf Kaumann (CO); Joshua Hershman represented by William Arfanis (CT); Trinidad Navarro represented by Rylynn Brown (DE); Vicki Schmidt represented by Levi Nwasoria (KS); Sharon P. Clark (KY); Michael T. Caljouw represented by John Turchi (MA); Anita G. Fox represented by Kirstin Hynes (MI); Grace Arnold represented by Kathleen Orth (MN); Mike Chaney represented by Mark Cooley (MS); Eric Dunning represented by Tadd Wegner (NE); Susan Ochs represented by Nancy Lee Chice (NJ); Ned Gaines represented by Hermolivia Abejar (NV); Elizabeth Kelleher Dwyer represented by John Tudino (RI); Scott A. White represented by Doug Stolte (VA); Patty Kuderer represented by Tarik Subbagh (WA); Nathan Houdek represented by Amy Malm (WI); and Erin K. Hunter represented by Justin E. Parr (WV); .

1. Adopted its 2025 Fall National Meeting Minutes

The Task Force's considered adoption of its 2025 Fall National Meeting minutes (*see NAIC Proceedings – Fall 2025, Examination Oversight (E) Task Force*). The motion passed.

2. Adopted the Reports of its Working Groups

Task Force considered adoption of the reports of its working groups, including the Financial Examiners Handbook (E) Technical Group (Attachment One), the Financial Examiners Coordination (E) Working Group, the Financial Analysis Solvency Tools (E) Working Group (Attachment Two), the Information Technology (IT) Examination (E) Working Group, and the Electronic Workpaper (E) Working Group. The motion passed.

Having no further business, the Examination Oversight (E) Task Force Adjourned.

Draft: 8/5/26

Financial Examiners Handbook (E) Technical Group
Virtual Meeting
August 3, 2026

The Financial Examiners Handbook (E) Technical Group of the Examination Oversight (E) Task Force met Aug. 3, 2026. The following Technical Group members participated: Eli Snowbarger, Co-Chair (OK); John Litweiler, Co-Chair (WI); Laura Clements (CA); William Arfanis (CT); N. Kevin Brown (DC); Cindy Andersen (IL); Grace Kelly (MN); Sara McNeely (MO); Monique D. Smith (NC); Andrea Johnson (NE); Nancy Lee Chice (NJ); Zachary Wheatley (OH); Diana L. Sherman (PA); Greg Chew (VA); and Tarik Subbagh (WA).

1. Exposed Handbook Guidance

   A. CUSIP Terminology

Litweiler introduced proposed revisions regarding the Committee on Uniform Security Identification Procedures (CUSIP) terminology. He stated that the Investment Designation Analysis (E) Working Group sent referrals to several NAIC groups to replace the use of CUSIP with a more inclusive terminology for security identifiers. While the Financial Examiners Handbook (E) Technical Group did not receive a referral directly, the investments repository was updated to the new terminology to ensure consistency across NAIC publications.

   B. Exhibit O, Part 1—Combined Tests of Controls Worksheet

Litweiler shared the next set of revisions for Exhibit O, Part 1—Combined Tests of Controls Worksheet. Revisions clarify existing guidance on how examiners evaluate controls, as the current worksheet implies that each control should be assessed individually; however, when in practice, multiple controls used to mitigate a single risk should be evaluated in aggregate.

   C. Evergreen Letters of Credit

Litweiler introduced the final set of revisions to evergreen provisions in letters of credit, driven by recent court decisions on the language of evergreen clauses related to the letter of credit expiration. Revisions to Exhibit N—Reinsurance Review and Section 1–5—Reinsurance Review provide continuous renewal in successive periods, in line with the *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786).

The Technical Group agreed to expose the revisions for a 30-day public comment period ending Sept. 2.

2. Received Referrals

   A. Private Asset Exposure

Snowbarger said the first referral received was from the Financial Analysis (E) Working Group, which requested enhanced guidance on financial examinations to assess private asset exposures, due to an ongoing increase in the amount of private assets held by U.S. domestic insurers. He noted that the investment repository will be reviewed to identify any additional procedures necessary to address this referral.

B. Unauthorized Offshore Reinsurers

Snowbarger noted that the second referral was received from the Financial Analysis (E) Working Group, in coordination with the Valuation Analysis (E) Working Group and the Investment Analysis (E) Working Group, regarding increased use of unauthorized offshore reinsurers by U.S. life and annuity insurers. The referral encourages enhanced guidance for post-agreement assessment of offshore reinsurance performance, collateral assets, and reserving assessment.

3. Discussed its 2026 Project Listing

A. Life Actuarial Guidance

Litweiler introduced the Technical Group's 2026 project listing and discussed the first two items on the list pertaining to life actuarial guidance. Revisions pertain to narrative guidance in the reserves/claims handling (life) repository for *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53) and *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55), as well as the implementation of *Valuation Manual* (VM)-22, Requirements for Principle-Based Reserves for Non-Variable Annuities, and the Generator of Economic Scenarios (GOES). He noted that the NAIC life actuarial team developed proposed revisions in these areas, which were exposed for a 30-day public comment period ending Aug. 28.

B. Exhibit N – Reinsurance Review

Litweiler discussed the final item on the project listing, which concerned Exhibit N—Reinsurance Review. He noted that this project will review Exhibit N and determine whether any additional specific clauses should be included within the reinsurance contract review procedures.

Having no further business, the Financial Examiners Handbook (E) Technical Group adjourned.

Draft: 8/7/26

Financial Analysis Solvency Tools (E) Working Group
Virtual Meeting
July 30, 2026

The Financial Analysis Solvency Tools (E) Working Group of the Examination Oversight (E) Task Force met July 30, 2026. The following Working Group members participated: Danielle Smith, Chair, (MO); Amy Garcia, Vice Chair (TX); Richard (Hamp) Russell (AL); Dave Lathrop (AZ); Michelle Lo (CA); Jack Broccoli and Philip Barrett (CT); N. Kevin Brown (DC); Shalice Rivers (FL); Amanda Denton (IN); Kristin Hynes (MI); Paul Lupo (NJ); Victor Agbu (NY); Tracy Snow and Mark Boston (OH); Kim Lopez (OK); Ryan Keeling (OR); Elizabeth Ammerman (RI); Samantha Watkins (SD); Greg Chew (VA); and Kristin Forsberg (WI).

1. Exposed Draft *Financial Analysis Handbook* Revisions

Smith said the Working Group received several referrals and proposed recommendations from NAIC groups and committee support for enhancements to the NAIC *Financial Analysis Handbook* (Handbook).

A. Guidance Revisions for Addressing Cybersecurity Considerations

Rodney Good (NAIC) said a referral was received from the Financial Condition (E) Committee (Attachment Two-A). The draft guidance for Form A reviews focuses on evaluating the applicant's plans for integrating information technology (IT) systems, data, and platforms to identify potential operational disruptions or increased cyber exposure. Key considerations include verifying a clear migration timeline and strategy, ensuring uninterrupted policyholder service and claims handling during the transition, reviewing the group's overall cybersecurity risk management framework, and assessing reliance on third-party service providers and concentrated risks from vertical integration. In the holding company analysis chapter, the draft adds a new procedure under the additional procedures for key risk areas. It mirrors the Form A considerations by focusing on the impact of vertical integration, reliance on third-party service providers, and the group's overall cyber risk framework, but from the perspective of ongoing group surveillance rather than a one-time transaction review.

B. Guidance on the Analysis of Private Assets and Other Investment Risks

Jane Koenigsman (NAIC) said a referral was received from the Financial Analysis (E) Working Group (Attachment Two-B). The Financial Analysis (E) Working Group monitors broader industry trends and, in particular, has noted the growing number of private assets held by U.S. domestic insurers. These assets, such as securities supported by private letter ratings and Level 3 valuations, can create transparency, credit quality, and liquidity assessment challenges. In response, NAIC committee support drafted guidance and procedures, including revisions to the credit, market, and liquidity risk assessment chapters of the Handbook. The updates address Level 3 assets, private letter ratings, the new Note 5 disclosures for private securities, and encourage analysts to use resources from the NAIC Investment Analysis Office and Capital Markets Bureau. The enhanced guidance also notes additional recommended edits, including improvements to guidance on mortgage loans, collateral loans, climate-affected assets, market volatility, portfolio liquidity, and unfunded commitments.

C. Guidance and Best Practices for Analysis of Unauthorized Reinsurance

Koenigsman said a referral was received from the Financial Analysis (E) Working Group (Attachment Two-C). The Financial Analysis (E) Working Group is monitoring the growing use of offshore unauthorized reinsurance and has surveyed states that have reviewed these transactions to gather recommendations on best practices. The referral summarizes key takeaways, including that states use a wide range of practices to review Form D filings and monitor offshore unauthorized reinsurance risks and related collateral assets. Based on those practices, the Financial Analysis (E) Working Group proposed adding best practices to the Handbook Form D review and updates to the credit risk chapter. The proposed guidance builds on last year's additions to modified coinsurance and funds withheld in the credit risk chapter by further addressing assets supporting ceded reserves and ongoing monitoring of this risk area.

D. Guidance and Best Practices for Analysis of Insurance Business Transfers and Corporate Divisions

Ralph Villegas (NAIC) said a referral was received from the Restructuring Mechanisms (E) Working Group (disbanded) (Attachment Two-D). Earlier this year, the NAIC adopted the *Best Practices Procedures for IBT/Corporate Divisions* (Best Practices) to analyze insurance business transfers and corporate division (IBT/CD) transactions. The referral recommends that these best practices be included in the Handbook, since they are, in fact, analysis procedures. The Handbook had previously referred to the work underway by the Restructuring Mechanisms (E) Working Group in the runoff section of the Handbook's supplemental guidance chapter. NAIC committee support recommend replacing that prior reference with a reference to the Best Practices and housing the Best Practices as its own chapter of the Handbook, in line with the referral. Since the Best Practices have already been adopted by the NAIC, NAIC committee support are not recommending any exposure of the Best Practices themselves. Rather, NAIC committee support are only recommending exposure of the replacement paragraphs in the supplement chapter. Should the Working Group adopt the changes to this paragraph at that time, it should consider adopting a separate chapter within the Handbook to house the Best Practices.

Chew said he proposed adding additional text to the exposed paragraphs. It is recommended that the state(s) of domicile of the companies undergoing the IBT/CD should contact all licensed states to determine if there are any anti-novation statutes that would prohibit the IBT/CD or require additional regulatory approval from the licensed state before the IBT/CD is ultimately approved by the state of domicile.

E. Enhance Guidance for Clarification to the Risk Assessment Worksheet

John Murray (NAIC) said a referral was received from the Risk Focused Surveillance (E) Working Group (Attachment Two-E). Following last year's NAIC financial analysis peer-review training, the referral proposes clarifying the instructions for the risk assessment worksheet (RAW). The enhancements would help analysts document their work more efficiently. The proposed changes address two areas, clarifying that certain bullet items are examples, rather than required documentation steps. This would help prevent analysts from duplicating portions of the insurer profile summary (IPS) in the RAW by responding to every listed item. NAIC committee support propose removing the bullets and presenting those items as examples instead.

F. Enhanced Guidance on the Use of AI Technology in Financial Analysis

Koenigsman said a referral was received from the Risk-Focused Surveillance (E) Working Group (Attachment Two-F). The Working Group conducted outreach to states to understand whether and how they have begun using artificial intelligence (AI) technology in financial analysis. While some states have used it in limited ways, others have not. This topic was previously addressed in the *Financial Condition Examiners Handbook* for the use of AI in financial examinations. The referral recommends including the same language focused on confidentiality, use of secure closed AI systems, and the need to review and validate AI output before using it in your analysis. Those revisions are proposed for inclusion in the framework chapter of the Handbook.

G. Proposal to Update the ORSA Template

Sherry Flippo (NAIC) said a referral was received from the Own Risk and Solvency Assessment (ORSA) Implementation (E) Subgroup (Attachment Two-G). The referral recommends revisions to the ORSA review template and the corresponding Handbook guidance that align with revisions to the ORSA Guidance Manual.

Smith said that, hearing no objection, the Working Group will expose the proposed revisions to the Handbook for the referrals received for a 30-day public comment period ending Aug. 31.

3. Exposed Updated Guidance GCC and a Referral to the Financial Regulation Standards and Accreditation (F) Committee

Koenigsman said having a requirement in state law for a group capital calculation (GCC) filing became a Part A Accreditation Standard. NAIC committee support recommend an update to the holding company analysis guidance in the Handbook to include GCC as an input into the analysis work. The revisions are intended to clarify that the GCC procedures in the Handbook are optional, since the review should be customized to the group. The procedures are a guide for analysts, not a checklist.

Koenigsman said NAIC committee support also propose sending a referral to the Financial Regulation Standards and Accreditation (F) Committee to include GCC in the list of holding company filings to be reviewed and signed off on as part of the holding company analysis in the Part B Accreditation Standards. NAIC committee support are recommending exposing both the revisions to the holding company chapter and the referral to the Committee.

Smith said that, hearing no objection, the Working Group will expose the proposed revisions to the Handbook and the referral to the Committee for a 30-day public comment period ending Aug. 31 (Attachment Two-H).

4. Exposed Revisions to the Guidance and Procedures for Analysis of Life Reserves

Koenigsman said the Life Actuarial (A) Task Force is meeting today to expose revisions to the life reserves chapter of the Handbook for updates regarding *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG-55), and principles-based reserving (PBR). NAIC committee support said the Task Force's public exposure can also be exposed to all Working Group members, interested state insurance regulators, and interested parties. Comments would be submitted to the Task Force.

Smith said that, hearing no objection, the life reserve revisions will be exposed to the Working Group when the Task Force releases them for comment. Comments are due to the Task Force Aug. 28.

5. Exposed Proposed Changes to Life IRIS Ratio 7—Affiliated Assets to Capital and Surplus

Villegas said that the Insurance Regulatory Information System (IRIS) Ratio 7– Affiliated Assets to Capital and Surplus currently pulls the affiliated assets total value from the five-year historical data table, which includes both admitted and non-admitted amounts. This creates a double penalty for insurers with nonadmitted affiliated amounts. In 2025, 45 insurers would be affected by the updated calculation, but there would be no impact on their results or unusual values for those companies. Therefore, NAIC committee support recommended changing the source for affiliated stocks from the five-year historical data table to Schedule D, Part 6, where the net admitted value can be obtained. Also, NAIC committee support recommended changing the total affiliated assets value to be replaced by the individual components that make up that subtotal in order to get the net admitted values, when available.

Hearing no objections, Smith said the IRIS ratio change will be exposed for a 30-day public comment period ending Aug. 31 (Attachment Two-I).

Having no further business, the Financial Analysis Solvency Tools (E) Working Group adjourned.

MEMORANDUM

TO: Greg Chew (VA), Chair, Financial Analysis Solvency Tools (E) Working Group

FROM: Nathan Houdek (WI), Chair, Financial Condition (E) Committee
Michael Wise (SC), Co-Vice Chair, Financial Condition (E) Committee
Justin Zimmerman (NJ), Co-Vice Chair, Financial Condition (E) Committee

DATE: November 20, 2025

RE: Enhanced Cybersecurity Considerations

Due to lessons learned from regulatory investigations of recent cybersecurity events impacting insurance groups, the Financial Condition (E) Committee asks the Financial Analysis Solvency Tools (E) Working Group to consider potential enhancements to the NAIC's *Financial Analysis Handbook* in the following areas:

- Guidance for considering the potential impact of cybersecurity exposures and system integration plans on the regulatory review of Form A (Change of Control or Merger/Acquisition) applications.
  - Given that Form A review procedures are also included in the NAIC's *Company Licensing Best Practices Handbook*, coordination with the National Treatment and Coordination (E) Working Group is encouraged in developing additional guidance in this area.
- Guidance for considering an insurance group's cybersecurity exposures in conducting holding company analysis, including but not limited to the review of Holding Company Form B (Annual Registration Statement), Form D (Prior Notice of a Transaction – Affiliated Service Agreements), Form F (Enterprise Risk Report), and ORSA filings.
  - Such guidance should also consider the potential impact of increased vertical integration in insurance group operations, as well as the reliance on service providers (affiliated and unaffiliated) in assessing holding companies' cybersecurity exposures.

A related referral is being sent to the Information Technology Examination (E) Working Group to consider enhancements to the NAIC's *Financial Condition Examiners Handbook* and its Exhibit C (Evaluation of Controls in Information Technology) procedures and guidance. As such, we encourage monitoring and coordination of efforts in addressing both referrals, as deemed appropriate.

If there are any questions regarding the proposed enhancements, please contact me or NAIC staff (Dan Daveline at ddaveline@naic.org) for clarification. Thank you for your consideration of this referral.

MEMORANDUM

TO: Danielle Smith (MO), Chair, Financial Analysis Solvency Tools (E) Working Group

FROM: Greg Chew (VA), Chair, Financial Analysis (E) Working Group

DATE: May 12, 2026

RE: Enhanced Financial Analysis Tools and Guidance for Assessing Private Asset Exposures

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The Financial Analysis (E) Working Group (FAWG) meets periodically to discuss, among other things, potentially troubled insurers and insurance groups. During these meetings, FAWG also discusses issues and industry trends, including identifying any that are potentially adverse or might warrant communication and coordination with other NAIC groups. As a result of the issues and trends discussed, FAWG would like to refer the following issue to your group.

In reviewing 12/31/25 industry results, FAWG members continued to note an ongoing increase in the amount of private assets held by U.S. domestic insurers, including securities with NAIC designations supported by private letter ratings and securities that are valued based on Level 3 (unobservable) inputs. As the potential lack of transparency related to private assets can complicate the assessment of credit quality and reduce the liquidity of the portfolio, FAWG recommends consideration of enhancements to NAIC financial analysis tools (e.g., updated metrics, industry benchmarks, peer group averages) and supporting handbook guidance to assist financial regulators in identifying and assessing risks and concentrations in these areas.

Thank you for your consideration of this referral. Please note that a similar referral has been sent to the Financial Examiners Handbook (E) Technical Group (FEHTG) recommending the development of additional examination guidance related to insurer governance and risk management processes for overseeing investment strategies in this area. We encourage monitoring the efforts of FEHTG in this regard and coordinating to the extent deemed appropriate.

If there are any questions regarding the issues discussed, please contact me or NAIC staff (Bruce Jenson at *bjenson@naic.org*) for clarification.

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MEMORANDUM

To: Danielle Smith (MO), Chair, and Amy Garcia (TX), Vice Chair of the Financial Analysis Solvency Tools (E) Working Group

From: Greg Chew (VA), Chair of the Financial Analysis (E) Working Group
Fred Andersen (MN), Chair of the Valuation Analysis (E) Working Group
Carrie Mears (IA), Chair of the Investment Analysis (E) Working Group

Date: June 16, 2026

Re: Cessions to Unauthorized Offshore Reinsurers

As you are aware, there has been an emerging trend in recent years where an increasing number of U.S. life and annuity insurers have been ceding large portions of their business to reinsurers in non-U.S. jurisdictions. Most of this business has been ceded to reinsurers in Bermuda, which has undergone the process of being recognized as a reciprocal jurisdiction and has continued to make meaningful enhancements to their system in recent years. Overall, many of the regulatory changes adopted by the Bermuda Monetary Authority (BMA) have been viewed positively by U.S. regulators and states that have experience collaborating with the BMA generally report a favorable view of Bermuda as a reciprocal jurisdiction.

Corresponding with the timing of regulatory and tax changes in Bermuda, unauthorized jurisdictions have emerged as growing destinations for life and annuity reinsurance. U.S. regulators don't have the same comfort with the regulatory system in those jurisdictions, with many having experience in reviewing transactions going there reporting significant concerns with the lack of: 1) defined capital and reserving framework, 2) coherence between permitted accounting, reserving and capital frameworks, 3) transparency and 4) collaboration.

The Financial Analysis (E) Working Group is charged with the following among other things, to "…Support, encourage, promote, and coordinate multistate efforts in addressing solvency problems, including identifying adverse industry trends."

Given the reinsurance trends mentioned above, and the potential for some of these trends to create solvency problems, the Financial Analysis (E) Working Group, in coordination with the Valuation Analysis (E) Working Group, and the Investment Analysis (E) Working Group and U.S. state insurance regulators of insurers with material cessions to unauthorized reinsurers, have collaborated to leverage shared and complementary expertise to identify key concerns and recommendations.

Key Takeaways

- While material affiliated reinsurance agreements are reviewed by the cedent's domestic regulator for non-disapproval, non-affiliated agreements are not typically subject to regulatory review by the cedent's domestic regulator prior to the effective date of the transaction. This limits the ability of the domestic regulator to gain comfort ahead of time regarding third-party transactions.
- Regulators that reviewed the affiliated agreements and were able to get comfortable with the transactions, did so through a variety of considerations and steps in the Form D review and approval

process, which varied significantly across states and could benefit from greater consistency and uniformity. None of the regulators reported gaining comfort with the regulatory framework in the unauthorized jurisdiction but rather based on requirements applied through U.S. regulatory authority to the ceding insurer.

- Many of these considerations and processes can be further developed as best practices and handbook considerations, both related to pre-transaction review and post-transaction monitoring. Potential considerations include continuous monitoring and post-transaction assessment of the reinsurer's performance (by requesting and reviewing financial statements), the credit quality of collateral assets held, risk transfer and reserve adequacy. Additional considerations include regular meetings with the cedant, the engagement of investment and actuarial specialists if needed; and gaining a good understanding of the basis for managing the solvency of the reinsurer by the regulator authority of the unauthorized offshore reinsurance jurisdiction.
- Concerns were noted generally around the reduced transparency into asset and reserving standards of the unauthorized offshore reinsurance regulatory authority, lack of solvency requirements or methods that match the strength of U.S. asset adequacy testing and RBC; and the lack of regulatory coordination and information sharing with U.S. regulators.
- Most states provided a summary of their understanding of the mix, credit quality and liquidity of the assets held by the cedent or held in trust to support the reserves.
- It is also noted that VAWG is currently undertaking a review of AG-55 filings and will have results of their review and recommendations soon. However, initial results indicate that the blocks of business ceded to unauthorized reinsurers tend to come from newer, relatively smaller annuity writers offering aggressive crediting rates, and tend to result in more significant decreases in total asset requirements than blocks ceded to Bermuda.
- Finally, U.S. state regulators may benefit from educational sessions to gain a better understanding of the unauthorized offshore regulator authority's capital, reporting and reserving standards in comparison to U.S. standards.

Recommendation

The Chairs of FAWG, VAWG and INVAWG make the following recommendation to FASTWG.

- Consider enhanced guidance in the *Financial Analysis Handbook* for: 1) Form D review of offshore reinsurance agreements, if applicable; 2) post-agreement assessment of the offshore reinsurance performance; 3) collateral assets; and, 4) reserving assessment including AG-55 review guidance. Also consider enhancements to other regulatory tools to assist states in identifying reinsurance risks.

Also note that a related referral has been sent to the Financial Condition Examiners Handbook (E) Technical Group to consider enhanced guidance in the *Financial Condition Examiners Handbook* for post-agreement assessment of the offshore reinsurance performance, collateral assets and reserving assessment.

If there are any questions regarding this response, please contact NAIC staff (Bruce Jenson, bjenson@naic.org, or Jane Koenigsman, jkoenigsman@naic.org) for further clarification.

To: Greg Chew, Chair, Financial Analysis Solvency Tools (E) Working Group
Amy Garcia, Vice Chair, Financial Analysis Solvency Tools (E) Working Group

From: Glen Mulready, Co-Chair, Restructuring Mechanisms (E) Working Group
Elizabeth Kelleher Dwyer, Co-Chair

Date: December 2, 2025

Re: Best Practices for Review of Restructuring Mechanisms Transactions

The Restructuring Mechanisms (E) Working Group has developed a Best Practices for the review of Corporate Divisions and Insurance Business Transfers. This was developed in conjunction with a White Paper that reviewed the existing laws and regulations in various states regarding Corporate Divisions and Insurance Business Transfers. While many of the laws in various states reference transfers that allow for a similar legal process that is permitted under the UK Part VII laws, the procedures and minimum standards for reviewing these transactions vary greatly among the states.

This highlighted the need for Best Practices to be used in gathering information and reviewing the transactions. The resulting Best Practices are submitted to the Financial Analysis Solvency Tools (E) Working Group for consideration for incorporating the Best Practices into the Financial Analysis Handbook.

While views among the regulator members and the industry commenters varied about the need for the Best Practices to become a national standard, the discussion prior to adoption was that there would be a need to implement and fine tune the procedures prior to recommending a national minimum requirement. Please reach out to the chairs and NAIC staff, Robin Marcotte, rmarcotte@naic.org if we can be of assistance in your review of these for incorporation into the Financial Analysis Handbook.

Attachment – Best Practices
Cc: Rodney Good, Ralph Villegas, John Murray, Robin Marcotte, Dan Daveline

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

MEMORANDUM

TO: Greg Chew, Chair, Financial Analysis Solvency Tools (E) Working Group

FROM: Amy Malm, Chair, Risk-Focused Surveillance (E) Working Group

DATE: November 24, 2025

RE: Analysis Peer Review Results

During the week of November 3rd, the Risk-Focused Surveillance (E) Working Group oversaw a Financial Analysis Peer Review session in which 14 different jurisdictions participated. During the session, issues were identified that might be appropriate for consideration of revisions to the NAIC's *Financial Analysis Handbook* (Handbook).

The topics discussed the documentation expectations associated with certain procedures included in the annual risk assessment located in Section III.A.1 of the Handbook. Specific considerations and recommendations are outlined below, as follows:

- Under Section II: Current Period Analysis, Step 7 encourages the analyst to review and assess state-specific compliance or other analysis required by the state insurance department. The step includes two sub-procedures related to compliance analysis, including: a) consideration of general state statute/regulation compliance, and b) a separate procedure related to minimum capital requirements. As states often conduct and document all compliance procedures together in one area, the peer reviewers recommend removing the separate a) and b) sub-procedures and showing them as examples in parenthetical, to simplify documentation expectations in this area.

- Under Section IV: Update Insurer Profile Summary (IPS), the guidance encourages the analyst to document and support recommended changes to the company prioritization level, as well as develop an overall summary and conclusion based on the risk-focused analysis performed. The summary and conclusion guidance outlines and lists six different sub-topics to be addressed, which are often included in a standard IPS. As such, the peer reviewers noted a wide range of documentation practices in this area, ranging from files stating "See the IPS" for each sub-topic, to others providing detailed narrative support for each sub-topic. To clarify the guidance and provide more flexibility in this area, the peer reviewers suggest clarifying that no documentation is required for the six sub-topics and moving the six sub-topics to examples provided in a parenthetical list, as opposed to a numbered list that appears to require separate documentation.

The Risk-Focused Surveillance (E) Working Group encourages the Financial Analysis Solvency Tools (E) Working Group to take the steps it feels necessary to address the proposed recommendations and does not expect or require a response to this referral.

If there are any questions regarding the referral, please feel free to contact me or NAIC staff (Bruce Jenson at *bjenson@naic.org*) for clarification. Thank you for your consideration of this request.

MEMORANDUM

TO: Danielle Smith (MO), Chair, Financial Analysis Solvency Tools (E) Working Group

FROM: Amy Malm (WI), Chair, Risk-Focused Surveillance (E) Working Group

DATE: July 1, 2026

RE: Use of Artificial Intelligence Tools in Financial Analysis

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The Risk-Focused Surveillance (E) Working Group (RFSWG) recently conducted an internal survey of state insurance departments' use of artificial intelligence (AI) tools in financial regulation. As a result of that survey, the RFSWG noted that more states are exploring the use of AI to support their financial analysis and examination efforts. As such, the RFSWG feels that the NAIC's *Financial Analysis Handbook* could benefit from guidance and considerations related to the use of AI tools in financial analysis, similar to guidance that was added to the NAIC's *Financial Condition Examiners Handbook* in 2025. Therefore, the RFSWG is referring the following guidance regarding examination AI use considerations to the Financial Analysis Solvency Tools (E) Working Group for its consideration and adaptation for use in financial analysis.

The following excerpt is taken from the Introduction of the 2026 Financial Condition Examiners Handbook:

> If state insurance departments utilize artificial intelligence (AI) tools within examinations, these should be used in a manner consistent with applicable confidentiality requirements. Given the nature of examination information being confidential, non-public, personally identifiable, or proprietary, examiners should not input this information into external, public-facing AI platforms. Such information includes, but is not limited to:
>
> - Insurer-specific financial or operational information.
> - Examination workpapers.
> - Internal insurer communications or documents.
> - Any information protected under law, regulation, or the NAIC Model Law on Examinations (#390).
>
> To safeguard confidential information, examiners should limit their use of tools to those expressly approved by the state insurance department and hosted in secure, department-managed environments. If a secure AI tool is not available, examiners must ensure that any data is fully anonymized to remove any non-public or sensitive information. The expectations contained in this section apply equally to state insurance department examiners as well as any contract examiners or vendors a department may use in the course of an examination.

The following excerpt is taken from Section 1-IV. Standard Examination Procedures of the 2026 Financial Condition Examiners Handbook:

> A detailed review of the workpapers is especially critical if the examiner is utilizing AI during the examination. The guidance below applies when the use of AI contributes to the development of examination evidence and does not apply to basic rewording, proofreading, and editing. Examiners should review and validate the accuracy, appropriateness, and relevance of any AI output used in the exam process.
>
> If AI-generated outputs are incorporated into examination work, the examiner should also document the nature of the AI usage. Documentation should indicate which tool was used and that the examiner reviewed and validated the content prior to its inclusion.

The Risk-Focused Surveillance (E) Working Group encourages the Financial Analysis Solvency Tools (E) Working Group to take steps it feels necessary to adapt and utilize the referenced guidance as deemed appropriate and does not expect or require a response to this referral.

If there are any questions regarding the referral, please feel free to contact me or NAIC staff (Bruce Jenson at *bjenson@naic.org*) for clarification. Thank you for your consideration of this request.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

MEMORANDUM

TO: Danielle Smith (MO), Chair, Financial Analysis Solvency Tools (E) Working Group

FROM: Mike Yanacheak (IA), Co-Chair and Jack Broccoli/ William Arfanis (CT) Co-Chairs, Own Risk Solvency Assessment (ORSA) Implementation Subgroup

DATE: June 12, 2026

RE: ORSA Review Template Revisions Related to Overarching Issues Guidance

The Own Risk and Solvency Assessment (ORSA) Implementation (E) Subgroup meets periodically to discuss, among other matters, revisions to the ORSA Guidance Manual. During these meetings, the Subgroup also considers alignment between the ORSA Guidance Manual and the ORSA Review Template contained in the Financial Analysis Handbook (FAH), including the treatment of overarching issues.

As a result of these discussions, the ORSA Subgroup is referring the following issue to the Financial Analysis Solvency Tools (E) Working Group for consideration.

The proposed revision to the ORSA Review Template would add a section for regulators to document overarching issues identified during the review of an ORSA filing. This addition is intended to enhance regulatory documentation by capturing significant contextual matters that may materially inform the ORSA review. While such a section may not be necessary for every ORSA filing, its inclusion, when appropriate, would provide important context and support a more effective understanding of both the filing and the associated review.

In addition, corresponding guidance is proposed for inclusion in the Financial Analysis Handbook to support completion of the ORSA Review Template. This guidance would include a summary of overarching issues, along with illustrative examples. The proposed section would enable analysts to identify and summarize significant cross-cutting considerations, such as the influence of foreign regulatory frameworks; dividend-paying capacity that relates to goals, limits, risks, stresses, and capital; and the omission of material risks from the ORSA. These considerations may materially inform the ORSA review and provide important context for the scope and depth of documentation reflected in the regulatory Lead State ORSA Review Template.

Thank you for your consideration of this referral. Please see the attached materials for the proposed language and placement within the Financial Analysis Handbook.

To facilitate alignment and timing of revisions to both the Financial Analysis Handbook and the ORSA Guidance Manual in advance of the Summer National Meeting, this referral is being provided while the related ORSA Guidance Manual changes are also out for exposure and subsequent public adoption. The Subgroup encourages monitoring these efforts and coordinating, as appropriate, to maintain consistency between the Financial Analysis Handbook and the ORSA Guidance Manual with respect to the ORSA Review Template- Overarching Issues Guidance.

If there are any questions regarding the issues discussed, please contact me or NAIC staff (Sherry Flippo sflippo@naic.org) for clarification.

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EXAMINATION OVERSIGHT (E) TASK FORCE

FINANCIAL ANALYSIS SOLVENCY TOOLS (E) WORKING GROUP

SUBMIT TO
NAIC – KC
By June 1, 2026

Financial Analysis Handbook Proposed Revision Form

INSTRUCTIONS	FOR NAIC USE ONLY
1. Complete this form for EACH Handbook proposal. Under "Identification of Item(s) to be Changed," include section & page number, line or item identifier. 2. All attachments should be presented in a format wherein new language is underscored and deletions struck through. 3. Please consider whether this revision proposal is also addressed elsewhere in the Handbook. 4. CAUTION: before completing this form, please read additional instructions on reverse side of this form.	DISPOSITION [ ] ADOPTED [ ] REJECTED [ ] DEFERRED [ ] OTHER (SPECIFY) [ ] ________________
DATE: 6/11/2026 NAME: ORSA Subgroup -Sherry Flippo, NAIC staff TITLE: ____________ STATE: ____________ ADDRESS: ____________ TELEPHONE: ____________ CONTACT PERSON : sflippo@naic.org	NOTES

HANDBOOK SECTION NAME AND NUMBER TO WHICH PROPOSAL APPLIES

If STATEMENT TYPE SPECIFIC, ALSO IDENTIFY THE TYPE:

[ ] Life/A&H [ ] Property & Casualty [ ] Title [ ] Health

All statement types

IDENTIFICATION OF ITEM(S) TO BE CHANGED

- **The ORSA Lead State Review Template**
- **Narrative guidance related to the ORSA Lead State Review Template**
- **Illustrative examples of situations that might *warrant* disclosure of an overarching issue affecting the entire ORSA**
- **See attached proposed wording and placement**

REASON OR JUSTIFICATION FOR CHANGE **
(STATE, IN SPECIFIC TERMS, THE BENEFIT TO BE DERIVED FROM THIS PROPOSAL)

**** This section must be completed on all forms.**

The ORSA and the ORSA Lead State Review Template may identify broad, overarching issues that, when clearly summarized, help convey key themes to readers of the Lead State ORSA Review Template. While this section may not be necessary for every ORSA filing, its inclusion—when appropriate—provides important context and supports a more effective understanding of the ORSA and the associated review. Illustrative examples of such overarching issues may include the use of a group-wide risk management or capital framework (e.g., a Solvency II–based framework) that drives risk identification, stress testing, and capital assessment across jurisdictions, or other enterprise-level considerations that influence multiple components of the ORSA.

Additional Instructions and Information

The Financial Analysis Solvency Tools (E) Working Group meets via conference call throughout the year to consider proposed changes to the NAIC *Financial Analysis Handbook* (Handbook). Suggestions to the Handbook should be submitted by **June 1, 2026**. Send proposals via email to Ralph Villegas, Life/Health Financial Analysis Manager, rvillegas@naic.org, or send to Rodney Good, Property/Casualty Financial Analysis Manager, rgood@naic.org. Original copies may be sent to:

National Association of Insurance Commissioners
Financial Analysis & Examination Unit
Financial Regulatory Services Department
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

For questions, call the Financial Analysis & Examination Unit at (816) 842-3600.

Proposed Revisions

- During the Working Group's review, changes proposed via this form will be considered along with an analysis conducted by the NAIC Financial Analysis & Examination Unit of the effectiveness and usefulness of procedures, ratio limits and language.

- The NAIC Financial Analysis & Examination Unit also studies adopted changes to the Annual Statements and provides revision proposals to the Working Group. The NAIC Financial Analysis & Examination Unit automatically makes changes to the Handbook for minor changes, such as for page and line numbers.

- The Handbooks are automated on i-Site+. The Handbook is intended to be a dynamic tool. The Working Group is interested in feedback on both analytical and software features. Please contact the NAIC Help Desk at (816) 842-3600 before submitting a form. Many enhancements have been proposed which could not be implemented. Also, some proposals may relate to existing features that the Help Desk may be able to explain.

**** This section must be completed on all forms.**

INTRODUCTION

The process for assessing enterprise risk management (ERM) within the group will vary depending upon its structure and scale. Approximately 90 percent of the U.S. premium is subject to reporting an annual Own Risk Solvency Assessment (ORSA) Summary Report. However, all insurers are subject to an assessment of risk management during the risk-focused analysis and examination, and this review is a responsibility of the lead state. In addition, all groups are required to submit the Form F - Enterprise Risk Report under the requirements of the NAIC *Insurance Holding Company System Regulatory* Act (#440) unless they have been granted an exemption by the state. In addition, both the ORSA Summary Report and the Form F are subject to the supervisory review process, which contemplates both off-site and on-site examination of such information proportionate to the nature, scale and complexity of the insurer/group's risks. Those procedures are discussed in the following two sections. In addition, any risks identified throughout the entire supervisory review process are subject to further review by the lead state in either the periodic meeting with the insurer/group and/or any targeted examination work. When reviewing the ORSA and Form F, the lead state analyst should consider consistency between the documents, as well as information provided in the Corporate Governance Annual Disclosure (CGAD).

ORSA SUMMARY REPORT

The NAIC *Risk Management and Own Risk and Solvency Assessment Model Act* (#505) requires insurers above a specified premium threshold, and subject to further discretion, to submit a confidential annual ORSA Summary Report. Model #505 gives the individual insurer and the insurance group discretion as to whether the report is submitted by each individual insurer within the group or by the insurance group as a whole. Regardless of whether the ORSA is filed on an individual or group basis, any noninsurance operations that present material and relevant risks to the insurer should be included in the scope of the ORSA Summary Report. (See the NAIC *Own Risk Solvency Assessment Guidance Manual* (ORSA Guidance Manual) for further discussion).

- **Lead State:** In the case where the insurance group chooses to submit one ORSA Summary Report for the group, it must be reviewed by the lead state. The lead state is to perform a detailed and thorough review of the information and initiate any communications about the ORSA with the group. The suggestions below set forth some possible considerations for such a review. At the completion of this review, the lead state should prepare a thorough summary of its review, which would include an initial assessment of each of the three sections. The lead state should also consider and include key information to share with other domestic states that are expected to place significant reliance on the lead state's review. The lead state should share the analysis of ORSA with other states that have domestic insurers in the group. The group ORSA review and sharing with other domestic states should occur within 120 days of receipt of the ORSA filing.

- **Non-Lead State:** Non-lead states are not expected to perform an in-depth review of the ORSA, but instead rely on the review completed by the lead state. The non-lead states' review of the lead state's ORSA review should be performed only for the purpose of having a general understanding of the work performed by the lead state, and to understand the risks identified and monitored at the group-level so the non-lead state may better monitor and communicate to the lead state when its legal entity could affect the group. Any concerns or questions related to information in the ORSA or group risks should be directed to the lead state.

- **Single Insurer ORSA:** In the case where there is only one insurer within the insurance group, or the group decides to submit separate ORSA Summary Reports for each legal entity, the domestic state is to perform a detailed and thorough review of the information, which would include an initial assessment of each of the three sections and initiate any communications about the ORSA directly with the legal entity. Such a review should also be shared with the lead state (if applicable) so it can develop an understanding of the risks within the entire insurance group. Single insurer ORSA reviews should be completed within 180 days of receipt of the ORSA filing.

Throughout a significant portion of the remainder of this document, the term "insurer" is used to refer to both a single insurer for those situations where the report is prepared by the legal entity, as well as to refer to an insurance group. However, in some cases, the term group is used to reinforce the importance of the group-wide view. Similarly, throughout the remainder of this document, the term "lead state" is used before the term "analyst" with the understanding that in most situations, the ORSA Summary Report will be prepared on a group basis and therefore reviewed by the lead state.

Background Information

To understand the appropriate steps for reviewing the ORSA Summary Report, regulators must first understand the purpose of the ORSA. As noted in the ORSA Guidance Manual, the ORSA has two primary goals:

1. To foster an effective level of ERM at all insurers, through which each insurer identifies, assesses, monitors, prioritizes and reports on its material and relevant risks identified by the insurer, using techniques that are appropriate to the nature, scale and complexity of the insurer's risks, in a manner that is adequate to support risk and capital decisions.
2. To provide a group-level perspective on risk and capital, as a supplement to the existing legal entity view.

In addition, separately, the ORSA Guidance Manual discusses the regulator obtaining a high-level understanding of the insurer's ORSA and discusses how the ORSA Summary Report may assist the commissioner in determining the scope, depth and minimum timing of risk-focused analysis and examination procedures.

There is no expectation with respect to specific information or specific action that the lead state regulator is to take as a result of reviewing the ORSA Summary Report. Rather, each situation is expected to result in a unique ongoing dialogue between the insurer and the lead state regulator focused on the key risks of the group. For this reason, as well as others, the lead state analyst may want to consider additional support in the form of a broader review team as necessary in reviewing the ORSA Summary Report, subject to the confidentiality requirements outlined in statute. In reviewing the final ORSA filing prior to the next scheduled financial examination, the analyst should consider inviting the lead state examiner to participate on the review team. Regardless of which individuals are involved on a review team, the 120-day or 180-day timeliness standards are applicable to the review. Additionally, the lead state analyst and examiner may want to include the review team in ongoing dialogues with the insurer since the same team will be part of the ongoing monitoring of the insurer and an ORSA Summary Report is expected to be at the center of the regulatory processes.

These determinations can be documented as part of each insurer's ongoing supervisory plan. However, the ORSA Guidance Manual also states that each insurer's ORSA will be unique, reflecting the insurer's business model, strategic planning and overall approach to ERM. As regulators review ORSA Summary Reports, they should understand that the level of sophistication for each group's ERM program will vary depending upon size, scope and nature of business operations. Understandably, less complex insurers may not require intricate processes to possess a sound ERM program. Therefore, regulators should use caution before using the results of an ORSA review to modify ongoing supervisory plans, as a variety of practices may be appropriate depending upon the nature, scale and complexity of each insurer.

General Summary of Guidance for Each Section

The guidance that follows is designed to assist the lead state analyst in the review of the ORSA and to allow for effective communication of analysis results with the non-lead states. It is worth noting that this guidance is expected to evolve over the years, with the first couple of years focused on developing a general understanding of ORSA and ERM. It should be noted that each of the sections can be informative to the other sections. As an example, Section II affords an insurer the opportunity to demonstrate the robustness of its process through its assessment of risk exposure. In some cases, it's possible the lead state analyst may conclude the insurer did not summarize and include information about its framework and risk management tools in Section I in a way that allowed the lead state analyst to conclude its effectiveness, but in practice by review of Section II, such a conclusion was able to be reached. Likewise, the lead state analyst may assess Section II as effective but may be unable to see through Section III how the totality of the insurer's system is effective because of a lack of demonstrated rigor documented in Section III. Therefore, the assessment of each section requires the lead state analyst to consider other aspects of the ORSA Summary Report. This is particularly true of Section I, because as discussed in the following paragraphs, the other two sections have very distinct objectives, whereas the assessment of Section I is broader.

Overarching Comments on the ORSA Review Template provides a place for analysts to document broad issues affecting the overall ORSA.

Background information procedures are provided to assist the regulator in gaining an overall understanding of the ORSA Summary Report and assessing compliance with ORSA Guidance Manual reporting requirements (i.e., attestation, and entities in scope).

Section I procedures are focused on assessing the insurer's overall risk management framework. The procedures are presented as considerations to be taken into account when reviewing and assessing an insurer's implementation of each of the risk management principles highlighted in the NAIC's ORSA Guidance Manual. In assessing implementation, regulators should consider whether the design of ERM/ORSA practices appropriately reflects the nature, scale and complexity of the insurer.

Section II takes a much different approach. It provides guidance to allow the lead state analyst to better understand the range of practices they may see in ORSA Summary Reports. However, such practices are not intended to be requirements, as that would eliminate the "Own" aspect of the ORSA and defeat its purpose. As such, analysts should not expect or require insurers to organize or present their risks in a particular manner (i.e., by branded risk classification). Rather, the guidance can be used in a way to allow the lead state analyst to better understand the information in this section. Section II guidance has been developed around reviewing key risks assessed by the insurer, evaluating information provided on the assessment and mitigation of those risks and classifying them within the nine branded risk classifications outlined in the Handbook, which are used as a common language in the risk-focused surveillance process for ongoing tracking and communication. As such, the analyst should attempt to classify each key risk assessed by the insurer into a branded risk classification(s) for incorporation into general analysis documentation Insurer Profile Summary (IPS) or Group Profile (GPS) as appropriate. The branded risk classifications are intentionally broad in order to allow almost any risk of an insurer to be tracked within one or more categories, but the analyst may also use an "Other" classification as necessary to track exposures.

Section III is also unique in that it provides a specific means for assisting the lead state analyst in evaluating the insurer's determinations of the reasonableness of its group capital and its prospective solvency position on an ongoing basis. Section III of the ORSA Summary Report is intended to be more informative regarding capital than other traditional methods of capital assessment since it sets forth the amount of capital the group determines is reasonable to sustain its current business model rather than setting a minimum floor to meet regulatory or rating agency capital requirements.

Overarching Comments Concerning the ORSA on the Review Template

The ORSA and ORSA Review Template may include broad, overarching issues that, when clearly summarized, help convey the key themes to readers of the Lead State ORSA Review Template. Although this section may not be necessary for every ORSA filing, its inclusion—when appropriate—provides important context that supports a more effective understanding of the ORSA and the associated review. The following examples illustrate how such overarching issues may be presented:

- ABC International Group operates across the UK, and the United States. Because most of its premiums and enterprise risk management activities are based in Europe, the risk profile and risk appetite discussed in Section 1 are dictated by the Solvency II framework. Accordingly, the group capital methodology, stress testing, coverage ratio, and projected three-year coverage ratios presented in Section 3 are also aligned with Solvency II principles and capital structure. The Solvency Capital Requirement (SCR) presented in Section 3 is the regulatory capital.

- DEF Insurance group's structure and expectations to pay dividends. In this case, dividend-paying capacity could represent a key risk, with stress testing used to evaluate scenarios that could constrain or prohibit dividend payments and corresponding capital projections prepared under varying dividend assumptions.

- HIJ Health Insurer is currently operating under an RBC recovery plan with the Department of Insurance due to a prior year-end RBC ratio in company action level. The ORSA filing identifies only operational risks in Section 1, and these are assessed qualitatively in Sections 2 and 3. The filing does not address liquidity or financial risks (e.g., pricing/underwriting, reserving, market, etc.). The analyst considers liquidity to be the company's primary risk and will request that liquidity and financial risks be incorporated into the next ORSA. Because Sections 2 and 3 contain no quantitative assessments of risk exposure or capital, the analyst did not prepare detailed documentation for those sections. The company did, however, include its most recent monthly report to the Department—containing capital levels and projections—in Appendix. This monthly report, which appears at the end of Section 3 in the template, is the most quantitative component of the submission and therefore the most helpful to that analyst.

As demonstrated by these examples, a summary of overarching issues upfront helps direct the regulators's attention to the most relevant aspects of the ORSA and therefore the ORSA Review Template rather than following the documentation strictly in sequence. It also communicates the rationale behind the level of detail included in each section of the template.

Background Information

The ORSA Guidance Manual encourages discussion and disclosure of key pieces of information to assist regulators in reviewing and understanding the ORSA Summary Report. As such, the following considerations are provided to assist the regulator in reviewing and assessing the information provided in these areas.

- **Attestation** – The report includes an attestation signed by the chief risk officer (CRO) (or other executive responsible for ERM oversight) indicating that the information presented is accurate and consistent with ERM reporting shared with the board of directors (or committee thereof).
- **Entities in Scope** – The scope of the report is clearly explained and identifies all insurers covered. The scope of a group report also indicates whether material non-insurance operations have been covered. The lead state analyst could utilize Schedule Y, the Lead State report and other related tools/filings to review which entities are accounted for in the filing.
- **Accounting Basis** – The report clearly indicates the accounting basis used to present financial information in the report, as well as the primary valuation date(s).
- **Key Business Goals** – The report provides an overview of the insurer's/group's key business goals in order

to demonstrate alignment with the relevant and material risks presented within the report.

- **Changes From Prior Filing(s)** – The report clearly discusses significant changes from the prior year filing(s) to highlight areas of focus in the current year review including significant changes to the ERM framework, risks assessed, stress scenarios, overall capital position, modeling assumptions, etc.

---SUBSEQUENT DETAIL ELIMINATED TO CONSERVE SPACE---

ORSA Review Template

Group/Insurer: ______________________
Group Code/CoCode: ______________________
State ______________________
Valuation Date: ______________________
Submission Date: ______________________

General Instructions:

This template is intended to be used to document a review and assessment of the ORSA Summary Report by the lead/domestic state. Regulators should document the results of their annual review of the ORSA and utilize the appendixes to track and communicate feedback to the insurer and procedures for regulatory follow-up. See VI.E. Group-Wide Supervision – Enterprise Risk Management Process Risks Guidance for additional guidance in completing this template.

Prepared/Reviewed By:	Date:

Date of Last Exam:	
Date of Next Exam:	

Analyst Overarching Comments Concerning the ORSA/Review Template

Summarize any issues that dominate in the ORSA/ Review Template.

Background Information

Summarize and assess background information provided in the report, where available. Key documentation elements are presented below.

1. **Attestation**:

2. **Entities in Scope:**

3. **Accounting Basis:**

4. **Key Business Goals:**

5. **Changes from Prior Filing(s):**

SUBSEQUENT DETAIL ELIMINATED TO CONSERVE SPACE

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Attachment B

MEMORANDUM

TO: Commissioner Sharon Clark (TN), Chair, Financial Regulation Standards and Accreditation (F) Committee

FROM: Danielle Smith (MO), Chair, Financial Analysis Solvency Tools (E) Working Group

DATE: July 29, 2026

RE: Accreditation Part B Expectations for Group Capital Calculation Filing Review

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The Financial Analysis Solvency Tools (E) Working Group (FASTWG) is responsible for maintaining the NAIC's *Financial Analysis Handbook* (Handbook) for risk-focused analysis and monitoring of the financial condition of insurance companies and groups. As part of its ongoing maintenance responsibilities, FASTWG and its support staff routinely receive questions from states regarding analysis expectations and requirements.

As the Accreditation Part A requirements related to Group Capital Calculation filings became effective 1/1/2026, FASTWG staff have received questions regarding expectations for analyst review and utilization of GCC filings within the holding company analysis process. To clarify expectations in this area, FASTWG has proposed the new Lead State holding company analysis procedure and accompanying edits to be included in the 2026 Annual/2027 Quarterly Edition of the Handbook in the following Attachment A.

As noted in the procedure, Lead State analysts will not be required or expected to complete the optional GCC review procedures in the Handbook in conducting the annual holding company analysis. However, the Lead State analyst will be expected to perform a review of the filing each year (if received) and to incorporate any findings and takeaways into the Group Profile Summary in accordance with analysis timelines and expectations.

As such, we recommend that the Committee consider updates to the Accreditation Part B guidelines for financial analysis to include this expectation, as shown in tracked changes below.

Part B1: Financial Analysis

e. Documented Analysis Procedures

Process-Oriented Guidelines:

1) The analyst should review and consider information from each of the following sources in conducting a risk-focused analysis. The review should be evidenced by sign-off and dating of the information source, a procedure step or a simplified checklist:
   - Annual statement.
   - Actuarial opinion.
   - Actuarial Opinion Summary (property/casualty [P/C]) or Regulatory Asset Adequacy Issues Summary (life/health [L/H] and fraternal).
   - Management's discussion and analysis.
   - Annual audited financial statements.

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- Holding company filings (i.e., Form A, Form B, Form C, Form D, Form E, Form F (Lead State), Group Capital Calculation (Lead State) and external filings: U.S. Securities and Exchange Commission [SEC] and International Financial Reporting Standards [IFRS]) as applicable to either the domestic regulator or lead state depending on the filing.

---Detail Eliminated to Conserve Space---

Thank you for your consideration of this referral. If there are any questions regarding the issues discussed, please contact me or NAIC support staff for clarification.

Attachment A

FINANCIAL ANALYSIS HANDBOOK

2026 Annual /2027 Quarterly

(Note that detail before/after the following excerpts are eliminated to conserve space)

VI.C. Group-Wide Supervision – Insurance Holding Company System Analysis Guidance (Lead State)

Understand the Insurance Holding Company System

1. Evaluate and document an understanding of the insurance holding company system. Consider using the following if available and/or applicable: statutory Schedule Y, Form B Registration Statement, Enterprise Risk Report (Form F), Corporate Governance Annual Disclosure (CGAD), ORSA Summary Report, and Group Capital Calculation (GCC), and financial filings of the insurance holding company system and/or person. Summarize the understanding of the holding company in the GPS. If necessary, analysts may also document further details below.

Conduct Detailed Analysis of the Insurance Holding Company System

Conduct detailed analysis by evaluating the overall financial condition of the holding company system through an assessment of the group's exposure to each of the nine branded risk classifications. Consider both the financial review of insurance and non-insurance entities within the insurance holding company system. In certain cases, the review of non-insurance entities may be mitigated by the lack of interdependence of the entities. Conduct the assessment by using quantitative and qualitative information. Consider utilizing the following, if available and/or applicable: legal entity IPSs; Form B and Form F; ORSA; Group Capital Calculation (GCC); shareholders' report; combined financial statements; quarterly and annual SEC filings; International Financial Reporting Standards (IFRS) filings; personal net worth statements; audited financial statements; management's assessment of internal controls; auditor's assessment of management's assessment of internal controls; press releases; confidential information from other regulatory/supervisory bodies; and any other available sources.

10. Group Capital Calculation (GCC):

    If the insurance group is subject to the requirements to perform and file a Group Capital Calculation (GCC), review and determine if any concerns or material risks exist regarding the overall group capital position, quantifiable risks, or capital interdependencies within the group as may be identified through analysis of the GCC. See chapters VI.H and VI.I for applicable optional GCC procedures and guidance.

PROCEDURE #10 instructs the analyst to evaluate the Group Capital Calculation (GCC) filing, if the insurance group is subject to GCC filing requirements. Analysts may consider optional procedures outlined in chapter VI.H when completing this assessment. Refer to additional guidance on the GCC in chapter VI.I.

VI.H. Group-Wide Supervision – Group Capital Calculation (Lead State) Procedures

GCC as Input into Group Profile Summary

The GCC is intended to be used as an input into the GPS. The expectation is that the GCC summary section will help to document a high-level summary of the analyst's take away of the GCC, as well as the Strategic branded risk. The manner in which the analyst determines what else should be documented beyond the GCC Summary and the Strategic branded risk should be based upon the following steps, since these steps contemplate the previously mentioned concept that the existing evaluation of the financial condition should be used in evaluating the depth of review of the GCC. Therefore, the following procedure steps are optional and should be customized to the evaluation of the GCC and the group's financial condition. The depth of the review in the "five-step process" and specific inquiries will vary based on each group's unique situation.

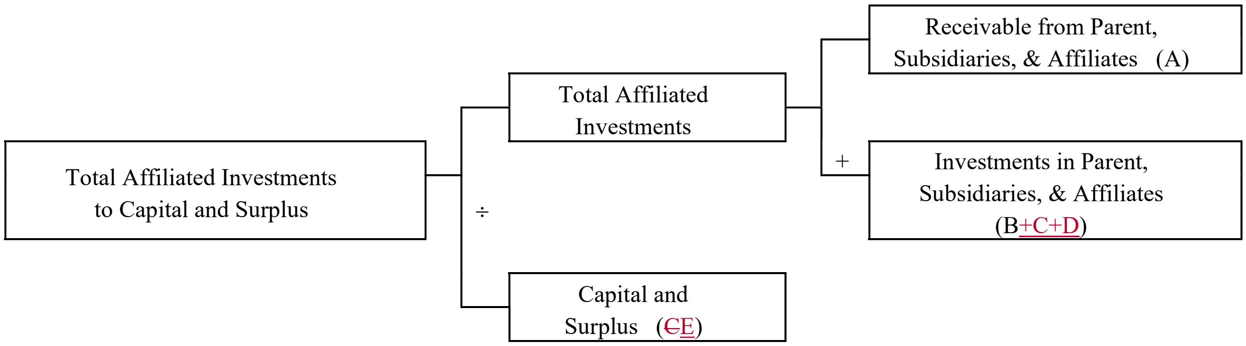
VI.I. Group-Wide Supervision – Group Capital Calculation (Lead State) – Analyst Reference Guide

Purpose of the Group Capital Calculation (GCC) in Holding Company Analysis

Background Information

In 2008, the NAIC Solvency Modernization Initiative (SMI) ~~began to~~ considered whether there were any lessons learned from the financial crisis that would cause the solvency framework to be modified. The NAIC determined that changes should be made in the area of group supervision, starting with the ~~new~~ annual requirement for the lead state of each group operating in the U.S. to complete a written holding company analysis. Since that time, other changes to state laws have been made to further enhance group supervision (e.g., Form F, Own Risk and Solvency Assessment (ORSA), ~~and~~ Corporate Governance reporting, Group Capital Calculation reporting). All of these ~~new~~ tools are inputs into the previously mentioned holding company analysis, which is summarized into the Group Profile Summary (GPS), a consistent tool used by all states~~, that is known as the Group Profile Summary (GPS)~~.

LIFE/A&H INVESTMENT RATIO 7 – TOTAL AFFILIATED INVESTMENTS TO CAPITAL AND SURPLUS



A. Receivable from Parent, Subs., & Affiliates	Page 2, Line 23, Column 3	______
B. Investments in Parent, Subs., & Affiliates: Bonds, Mortgage Loans, Other Assets, Short-Term	Page 22, Line ~~49~~44+47+48+49, Column 1	______
C. Investments in Parent, Subs., & Affiliates: Preferred Stock	Page E18, Line 0899999, Column 6 - 8	______
D. Investments in Parent, Subs., & Affiliates: Common Stock	Page E18, Line 1699999, Column 6 - 8	______
~~C~~E. Capital and Surplus	Page 3, Line 38, Column 1	______

Result = (A+B+C+D) / ~~C~~ E *100 ______ %

- If ~~C~~ E is zero or negative and (A+B+C+D) is positive, result is 999.
- If (A+B+C+D) and ~~C~~E are zero or negative, result is zero.

This ratio is a measure of the amount of capital and surplus invested in affiliated investments and receivables that may not be liquid or available to meet policyholder obligations. Investments in parent, subs., & affiliates is adjusted to exclude non-admitted amounts for affiliated preferred and common stock.

A relatively large value for this ratio should be questioned. The usual range includes all results less than 100 percent. See the general comments on investments titled "Life/A&H Investment Ratios," preceding Ratio 4.

Branded Risk(s): CR, LQ, MK

Impact of the Proposed Changes on 2025 IRIS Results

The Insurance Regulatory Information System (IRIS) Ratio 7–Total Affiliated Investments to Capital and Surplus currently pulls the investments in parents, subs and affiliates value from the five-year historical data table, which includes both admitted and non-admitted amounts for affiliated preferred and common stock. This creates a double penalty for insurers with non-admitted affiliated amounts as capital and surplus already excludes non-admitted. In 2025, forty-four insurers had an unusual result for IRIS 7. With the suggested change to minimize the potential for over penalizing an insurer, the impact of the change didn't result any additional insurers being triggered with an unusual result if the calculation excluded the non-admitted values. Two life companies would not trigger Ratio #7. Therefore, committee support recommended changing the source for affiliated preferred and common stocks from the five-year historical data table to Schedule D, Part 6, where the net admitted value can be obtained. This is consistent with the change that was adopted for P&C IRIS ratio in 2025.

