The Examination Oversight (E) Task Force met Dec. 8, 2019. During this meeting, the Task Force:

1. Adopted its Sept. 13 and Summer National Meeting minutes.

2. Adopted the report of the Electronic Workpaper (E) Working Group, which met Dec. 3 in regulator-to-regulator session, pursuant to paragraph 4 (internal or administrative matters of the NAIC or any NAIC member) of the NAIC Policy Statement on Open Meetings.

3. Adopted the report of the Financial Examiners Coordination (E) Working Group, which met Aug. 5 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings.

4. Adopted the report of the Financial Analysis Solvency Tools (E) Working Group, which met Sept. 4 to discuss proposed revisions to the Financial Analysis Handbook (Handbook) and the Insurance Regulatory Information System (IRIS) for 2019 annual statement filings. The proposals included:
   a. Combined two quantitative procedures under property/casualty (P/C) reserving, where the materiality procedure and the related quantitative benchmark procedure were combined under one procedure.
   b. Exposed enhanced regulatory guidance to the Handbook related to parental guarantees and troubled insurance companies that resulted from referrals from the Financial Analysis (E) Working Group.
   c. Adopted Handbook guidance on salary compensation that was drafted by the Risk-Focused Surveillance (E) Working Group and exposed at the 2018 Fall National Meeting.
   d. Adopted previously exposed guidance updates to the Handbook related to intercompany pooling, which was referred by the Group Solvency Issues (E) Working Group.
   e. Adopted previously exposed changes to the Life IRIS for 2020 annual statement filings due to blank changes.

At the close of the open meeting, the Working Group adjourned into regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings.

The Working Group adopted the proposed revisions via e-vote on Oct. 15.

5. Adopted the report of the IT Examination (E) Working Group, which met Sept. 26 to adopt revisions on the following topics:
   a. Information technology (IT) review conclusions – Revisions are intended to clarify the scope of the IT review and the way examiners should respond to IT review findings.
   b. Use of third-party work – Revisions are intended to clarify the ways that third-party work can be evaluated and used during an exam’s IT review.
   c. Cybersecurity self-assessment tools – Revisions allow state insurance regulators to incorporate the results of a company’s completed self-assessment. Additionally, a drafting group developed a mapping between IT exam guidance and the cybersecurity self-assessment tool developed by the Financial Services Sector Coordinating Council (FSSCC) to facilitate state insurance regulator use of the information contained within the tool.

6. Adopted the report of the Financial Examiners Handbook (E) Technical Group as amended during the Task Force meeting, which met Nov. 14 and Sept. 12 to adopt revisions on the following topics:
   a. Troubled companies – Revisions incorporate insights from the Troubled Company Handbook on the following topics: priority ratings guidance, communication expectations for companies that are troubled or potentially troubled and pre-receivership considerations.
   b. Management letters – Revisions clarify which level of the management letter should be addressed and the level of information that should be included therein.
During the Task Force meeting, the Task Force received a proposal from industry to amend the guidance to clarify that the discretion by the state insurance regulators to issue management letters should consider the guidance that immediately follows.

c. Exhibit V (Prospective Risk Assessment) – Revisions encourage enhanced testing of overarching prospective risks and to better facilitate the communication of examination results with the financial analysts.

d. Exhibit AA (Summary Review Memorandum) – Revisions address the order in which C-level interviews should be conducted, as well as provide a new interview template for interviewing a chief marketing officer.

e. Compensation study – Revisions include a description of commonly held roles and responsibilities for commonly held regulatory positions and suggest salary ranges for examiners and analysts based on the results of a state insurance regulator compensation study.

7. Received a report from the NAIC’s Capital Markets Bureau regarding a transition within U.S. financial markets away from using LIBOR as a reference benchmark. The Capital Markets Bureau will provide further state insurance regulator-only educational materials to help state insurance regulators better understand how insurance companies will be affected.

8. Received an update from NAIC staff regarding work performed to update the state insurance regulator-only Jumpstart reports.

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