

Draft: 11/22/22

Adopted by Executive (EX) Committee and Plenary, TBD

Adopted by the Executive (EX) Committee, TBD

2023 Proposed Charges

EXECUTIVE (EX) COMMITTEE

The mission of the Executive (EX) Committee is to manage the affairs of the NAIC in a manner consistent with its Articles of Incorporation and its Bylaws.

Ongoing Support of NAIC Programs, Products or Services

1. The **Executive (EX) Committee** will:
 - A. Identify the goals and priorities of the organization and make recommendations to achieve such goals and priorities based on input of the membership. Make recommendations by the 2023 Commissioners' Conference.
 - B. Create/terminate task force(s) and/or Executive (EX) Committee-level working groups to address special issues and monitor the work of these groups. Create necessary task force(s) and/or Executive (EX) Committee-level working groups throughout 2023 as necessary.
 - C. Submit reports and recommendations to NAIC members concerning the activities of its subcommittee and the standing committees. Submit a report at each national meeting.
 - D. Consider requests from NAIC members for friend-of-the-court briefs.
 - E. Establish and allocate functions and responsibilities to be performed by each NAIC zone.
 - F. Pursuant to the Bylaws, oversee the NAIC offices to assist the organization and the individual members in achieving the goals of the organization.
 - G. Conduct strategic planning on an ongoing basis.
 - H. Plan, implement and coordinate communications and activities with the Federal Insurance Office (FIO).
 - I. Plan, implement and coordinate communications and activities with other state, federal, local and international government organizations to advance the goals of the NAIC and promote understanding of state insurance regulation.
 - J. Review and approve requests for the development of model laws and/or regulations. Coordinate the review of existing model laws and/or regulations.
 - K. Select NAIC national meeting sites five and six years in advance of the meeting date to ensure efficient and economical locations and facilities.
 - L. Review and revise, as necessary and appropriate, the criteria and categories for registrants at NAIC national meetings.

NAIC Support Staff: Andrew J. Beal/Kay Noonan

Adopted by Executive (EX) Committee and Plenary, TBD

Adopted by the Executive (EX) Committee, TBD

Adopted by the Climate and Resiliency (EX) Task Force, Oct. 27, 2022

2023 Proposed Charges

CLIMATE AND RESILIENCY (EX) TASK FORCE

The mission of the Climate and Resiliency (EX) Task Force is to serve as the coordinating NAIC body for discussion and engagement on climate-related risk and resiliency issues, including dialogue among state insurance regulators, industry, and other stakeholders.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Climate and Resiliency (EX) Task Force** will:
 - A. Consider how state insurance departments that opt into the insurer's climate risk disclosure reporting requirement review the information received.
 - B. Evaluate financial regulatory approaches to climate risk and resiliency in coordination with other relevant committees, task forces, and working groups, such as the International Insurance Relations (G) Committee, the Property and Casualty Insurance (C) Committee, the Financial Condition & Committee, and the Financial Stability (EX) Task Force, including:
 - i. Evaluation of the use of modeling by carriers and their reinsurers concerning climate risk.
 - ii. Evaluation of how rating agencies incorporate climate risk into their analysis and governance.
 - iii. Evaluation of the potential solvency impact of insurers' exposures, including both underwriting and investments, to climate-related risks.
 - iv. Evaluation and development of climate risk-related disclosure, stress testing, and scenario modeling.
 - C. Consider innovative insurer solutions to climate risk and resiliency, including:
 - i. Evaluation of how to apply technology and innovation to the mitigation of storm, wildfire, other climate risks, and earthquake.
 - ii. Evaluation of insurance product innovation directed at reducing, managing, and mitigating climate risk, as well as closing protection gaps.
 - D. Identify adaptation, resilience, and mitigation issues and solutions related to the insurance industry.
 - E. Consider pre-disaster mitigation and resiliency and the role of state insurance regulators in resiliency.
 - F. Engage with the Center for Insurance Policy and Research (CIPR) Catastrophe Modeling Center of Excellence (COE) regarding climate-related risk and mitigation research and analysis.

NAIC Support Staff: Jennifer Gardner

Adopted by Executive (EX) Committee and Plenary, TBD

Adopted by the Executive (EX) Committee, TBD

Adopted by the Government Relations (EX) Leadership Council, Nov. 16, 2022

2023 Proposed Charges

GOVERNMENT RELATIONS (EX) LEADERSHIP COUNCIL

The Government Relations (EX) Leadership Council coordinates the NAIC's ongoing work with the federal government and state government officials on legislative and regulatory policy. The Leadership Council, in conjunction with the NAIC's other standing committees, is responsible for quickly responding to federal legislative and regulatory developments that affect insurance regulation.

The mission of the Government Relations (EX) Leadership Council is to develop, coordinate, and implement the NAIC's legislative, regulatory, and outreach initiatives. The Leadership Council will devise strategies for NAIC action and promote the participation of all NAIC members in the NAIC's government relations initiatives.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Government Relations (EX) Leadership Council** will:
 - A. Monitor, analyze, and respond to federal legislative and regulatory actions and other issues of importance to the NAIC membership.
 - B. Work with other standing committees, task forces, and working groups to help develop and communicate the NAIC's policy views to federal and state officials on pending legislation and regulatory issues by involvement of NAIC members through testimony, correspondence, and other approaches.
 - C. Develop a strategy and program for directly engaging NAIC members with the U.S. Congress and federal agencies to advocate for NAIC objectives and the benefits and efficiencies of state-based insurance regulation.
 - D. Secure broader participation from NAIC membership on all government affairs advocacy initiatives.
 - E. Report to the Executive (EX) Committee on all activities and matters relating to the annual charges of the Leadership Council.

NAIC Support Staff: Ethan Sonnichsen/Brian R. Webb/Brooke Stringer

Adopted by Executive (EX) Committee and Plenary, TBD

Adopted by the Executive (EX) Committee, TBD

Adopted by the Long-Term Care Insurance (EX) Task Force, Oct. 31, 2022

2023 Proposed Charges

LONG-TERM CARE INSURANCE (EX) TASK FORCE

Recognizing the gravity of the threat posed by the current long-term care insurance (LTCI) environment both to consumers and our state-based system of insurance regulation, the mission of the Long-Term Care Insurance (EX) Task Force is to: 1) monitor and evaluate the LTCI rate review process; 2) monitor and evaluate options to help consumers manage the impact of rate increases; and 3) monitor work performed by other NAIC groups to review the financial solvency of long-term care (LTC) insurers.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Long-Term Care Insurance (EX) Task Force** will:
 - A. Monitor and evaluate the progress of the multistate actuarial (MSA) rate review process as outlined in the *Long-Term Care Insurance Multistate Rate Review Framework* (MSA Framework) document, and make modification, as appropriate. Monitor state insurance department rate review actions subsequent to the implementation of the MSA Framework and MSA rate review recommendations.
 - B. Monitor and evaluate options to help consumers manage the impact of rate increases, including an evaluation of the use and impact of previously adopted guidance for states regarding reduced benefit options (RBOs).
 - C. Monitor the work performed by other NAIC solvency working groups, and assist in the timely multistate coordination and communication of the review of the financial condition of LTC insurers.
 - D. Monitor the work performed by other NAIC committees, task forces, and working groups, as well as federal regulators, related to the LTCI industry.

Staff Support: Jeffrey C. Johnston/Jane Koenigsman

Adopted by Executive (EX) Committee and Plenary, TBD

Adopted by the Executive (EX) Committee, TBD

Adopted by the Special (EX) Committee on Race and Insurance, TBD

2023 Proposed Charges

SPECIAL (EX) COMMITTEE ON RACE AND INSURANCE

The Special (EX) Committee on Race and Insurance 2023 proposed charges are still being drafted and will be considered for adoption by the Special (EX) Committee on Race and Insurance on Dec. 14, 2022.

SPECIAL (EX) COMMITTEE ON RACE AND INSURANCE *(Continued)*

NAIC Support Staff: Andrew J. Beal/Michael F. Consedine

Adopted by Executive (EX) Committee and Plenary, TBD

Adopted by the Executive (EX) Committee, TBD

Adopted by the Internal Administration (EX1) Subcommittee, Aug. 25, 2022

2023 Proposed Charges

INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE

The mission of the Internal Administration (EX1) Subcommittee is to monitor the operations of the NAIC, including: 1) preparing a budget for Executive (EX) Committee review; 2) providing direction on personnel issues; 3) approving emergency expenditures; 4) evaluating the chief executive officer (CEO); and 5) assisting the CEO in resolving competing demands for NAIC staff resources.

Ongoing Support of NAIC Programs, Products or Services

1. The **Internal Administration (EX1) Subcommittee** will:
 - A. Review and approve all expenditures of funds not included in the annual budget by considering any fiscal impact statements of unbudgeted resource requests and reporting its actions to the Executive (EX) Committee.
 - B. Annually work with the CEO, chief operating officer/chief legal officer (COO/CLO), and chief financial officer (CFO) to review the business operations plan, which will incorporate the Executive (EX) Committee's strategic management initiatives and report its actions to the Committee.
 - C. Oversee a review of any management areas of the NAIC that should be designated for formal operational reviews by working with the CEO and COO/CLO.
 - D. Oversee the development, revision, and delivery of all NAIC education programs, or the addition of new programs, by coordinating with other committees, as appropriate, and providing direction to the CEO and COO/CLO.
 - E. Receive a report at each national meeting from the Audit Committee, which will be chaired by the secretary-treasurer. The NAIC Audit Committee will meet with NAIC management at or before each national meeting, or more frequently as necessary, to review the NAIC financial statements and hear reports from NAIC management on emerging financial issues for the NAIC, and it will report such information to the Subcommittee. The Audit Committee shall also carry out the following activities pursuant to its charter:
 1. Engage the NAIC's independent accountants with respect to the annual audit. This will include the appointment of an independent audit firm, a review of the results of the annual audit, and discussions with the independent auditors and NAIC management to ensure all audit comments or suggestions are addressed in a timely manner.
 2. Engage the NAIC's service advisory firm. This will include the selection of an independent firm to provide Statement on Standards for Attestation Engagements (SSAE) services to the NAIC.
 - F. Serve as the primary liaison between NAIC membership and the NAIC investment advisor, or appoint a subcommittee to act in that capacity, including receiving reports on the performance of the NAIC's investment portfolio and, from time to time, meeting directly with investment firm representatives to hear periodic reports and recommendations.
 - G. Review and revise, as necessary and appropriate, the criteria and categories for registrants at national meetings.
 - H. Conduct evaluations of the CEO and COO/CLO, and make appropriate recommendations to the Executive (EX) Committee. Consult with the CEO and COO/CLO on compensation of senior management.

NAIC Support Staff: Andrew J. Beal/Jim Woody

Adopted by Executive (EX) Committee and Plenary, TBD
Adopted by the Life Insurance and Annuities (A) Committee, Nov. 15, 2022

2023 Proposed Charges

LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

The mission of the Life Insurance and Annuities (A) Committee is to: 1) consider issues relating to life insurance and annuities; and 2) review new life insurance products.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Life Insurance and Annuities (A) Committee** will:
 - A. Monitor the activities of the Life Actuarial (A) Task Force.
2. The **Accelerated Underwriting (A) Working Group** will:
 - A. Consider the use of external data and data analytics in accelerated life underwriting, including consideration of the ongoing work of the Life Actuarial (A) Task Force on the issue; and, if appropriate, draft guidance for the states.
3. The **Annuity Suitability (A) Working Group** will:
 - A. Consider how to promote greater uniformity in the adoption of the *Suitability in Annuity Transactions Model Regulation* (#275) across NAIC member jurisdictions.

NAIC Support Staff: Jennifer R. Cook/Jolie H. Matthews

Adopted by the Executive (EX) Committee and Plenary, TBD

Adopted by the Life Insurance and Annuities (A) Committee, Nov. 15, 2022

Adopted by the Life Actuarial (A) Task Force, Oct. 24, 2022

2023 Proposed Charges

LIFE ACTUARIAL (A) TASK FORCE

The mission of the Life Actuarial (A) Task Force is to identify, investigate, and develop solutions to actuarial problems in the life insurance industry.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Life Actuarial (A) Task Force** will:
 - A. Work to keep reserve, reporting, and other actuarial-related requirements current. This includes principle-based reserving (PBR) and other requirements in the *Valuation Manual*, actuarial guidelines, and recommendations for appropriate actuarial reporting in blanks. Respond to charges from the Life Insurance and Annuities (A) Committee and referrals from other groups or committees, as appropriate.
 - B. Report progress on all work to the Life Insurance and Annuities (A) Committee and provide updates to the Financial Condition (E) Committee on matters related to life insurance company solvency. This work includes the following:
 - i. Work with the American Academy of Actuaries (Academy) and the Society of Actuaries (SOA) to develop new mortality tables for valuation and minimum nonforfeiture requirements, as appropriate, for life insurance and annuities.
 - ii. Provide recommendations for guidance and requirements for accelerated underwriting (AU) and other emerging underwriting practices, as needed.
 - iii. Evaluate and provide recommendations regarding the VM-21, Requirements for Principle-Based Reserves for Variable Annuities/*Actuarial Guideline XLIII—CARVM for Variable Annuities* (AG 43) standard projection amount (SPA), which may include continuing as a required floor or providing as disclosure. This evaluation is to be completed prior to year-end 2023.
 - iv. Work with the SOA on the annual development of the Generally Recognized Expense Table (GRET) factors.
 - v. Provide recommendations and changes, as appropriate, to other reserve and nonforfeiture requirements to address issues, and provide actuarial assistance and commentary to other NAIC committees relative to their work on actuarial matters.
 - vi. Work with the selected vendor to develop and implement the new economic scenario generator (ESG) for use in regulatory reserve and capital calculations.
 - vii. Monitor international developments regarding life and health insurance reserving, capital, and related topics. Compare and benchmark these with PBR requirements.
2. The **Experience Reporting (A) Subgroup** will:
 - A. Continue the development of the experience reporting requirements within the *Valuation Manual*. Provide input, as appropriate, for the process regarding the experience reporting agent, data collection, and subsequent analysis and use of experience submitted.

LIFE ACTUARIAL (A) TASK FORCE *(Continued)*

3. The **Indexed Universal Life (IUL) Illustration (A) Subgroup** will:
 - A. Consider changes to *Actuarial Guideline XLIX-A—The Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest to Policies Sold On or After December 14, 2020* (AG 49-A), as needed. Provide recommendations for the consideration of changes to the *Life Insurance Illustrations Model Regulation* (#582) to the Task Force, as needed.
4. The **Index-Linked Variable Annuity (A) Subgroup** will:
 - A. Provide recommendations and changes, as appropriate, to nonforfeiture, or interim, value requirements related to index-linked variable annuities (ILVAs).
5. The **Longevity Risk (E/A) Subgroup** of the Life Actuarial (A) Task Force and the Life Risk-Based Capital (E) Working Group will:
 - A. Provide recommendations for recognizing longevity risk in statutory reserves and/or risk-based capital (RBC), as appropriate.
6. The **Variable Annuities Capital and Reserve (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
 - A. Monitor the impact of the changes to the variable annuities (VA) reserve framework and RBC calculation and determine if additional revisions need to be made.
 - B. Develop and recommend appropriate changes, including those to improve accuracy and clarity of VA capital and reserve requirements.
7. The **Valuation Manual (VM)-22 (A) Subgroup** will:
 - A. Recommend requirements, as appropriate, for non-variable (fixed) annuities in the accumulation and payout phases for consideration by the Task Force. Continue working with the Academy on a PBR methodology for non-variable annuities.

NAIC Support Staff: Scott O'Neal/Jennifer Frasier

Adopted by the Executive (EX) Committee and Plenary, TBD

Adopted by the Health Insurance and Managed Care (B) Committee, Nov. 10, 2022

2023 Proposed Charges

HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE

The mission of the Health Insurance and Managed Care (B) Committee is to consider issues relating to all aspects of health insurance.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Health Insurance and Managed Care (B) Committee** will:
 - A. Respond to inquiries from the U.S. Congress (Congress), the White House, and federal agencies; analyze policy implications and their effect on the states of proposed and enacted federal legislation and regulations; and communicate the NAIC's position through letters and testimony, when requested.
 - B. Monitor the activities of the Health Actuarial (B) Task Force.
 - C. Monitor the activities of the Regulatory Framework (B) Task Force.
 - D. Monitor the activities of the Senior Issues (B) Task Force.
 - E. Serve as the official liaison between the NAIC and the Joint Commission on Accreditation of Healthcare Organizations (Joint Commission), the National Committee for Quality Assurance (NCQA), and the Utilization Review Accreditation Commission (URAC).
 - F. Examine factors that contribute to rising health care costs and insurance premiums. Review state initiatives to address cost drivers.
 - G. Coordinate with appropriate Market Regulation and Consumer Affairs (D) Committee groups, as necessary, on health benefit plan and producer enforcement issues.
 - H. Coordinate with the Market Regulation and Consumer Affairs (D) Committee, as necessary, to collect uniform data and monitor market conduct trends on plans that are not regulated under the federal Affordable Care Act (ACA), including short-term, limited-duration (STLD) insurance, association health plans (AHPs), and packaged indemnity health products.
2. The **Consumer Information (B) Subgroup** will:
 - A. Develop information or resources, as needed, that would be helpful to state insurance regulators and others in assisting consumers to better understand health insurance.
 - B. Review NAIC publications that touch on health insurance to determine if they need updating. If updates are needed, suggest specific revisions to the appropriate NAIC group or NAIC division to make the changes.
3. The **Health Innovations (B) Working Group** will:
 - A. Gather and share information, best practices, experience, and data to inform and support health innovation at the state and national levels, including, but not limited to, state flexibility options through the ACA and other health insurance-related policy initiatives.
 - B. Discuss state innovations related to health care—i.e., access, insurance plan designs, underlying medical and prescription drug costs, stability for health care and insurance as a whole, health insurer and provider consolidation or competition, the use of data in regulatory and policy decision making, and health care delivery and financing models—to achieve better patient outcomes and lower spending trends.
 - C. Explore sources and methods for state insurance regulators to obtain data to inform health reform initiatives.
 - D. Disseminate materials and reports, via the NAIC, to the states and the U.S. territories wishing to use the information gathered by the Working Group.
 - E. Take up other matters as directed by the Health Insurance and Managed Care (B) Committee.

NAIC Support Staff: Jolie H. Matthews/Brian R. Webb/Jennifer R. Cook

Adopted by the Executive (EX) Committee and Plenary, TBD

Adopted by the Health Insurance and Managed Care (B) Committee, Nov. 10, 2022

Adopted by the Health Actuarial (B) Task Force, Sept. 28, 2022

2023 Proposed Charges

HEALTH ACTUARIAL (B) TASK FORCE

The mission of the Health Actuarial (B) Task Force is to identify, investigate, and develop solutions to actuarial problems in the health insurance industry.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Health Actuarial (B) Task Force** will:
 - A. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary with respect to model requirements for appropriate long-term care insurance (LTCI) rates, rating practices, and rate changes.
 - B. Provide support for issues related to implementation of, and/or changes to, the federal Affordable Care Act (ACA).
 - C. Continue to develop health insurance reserving requirements (VM-25, Health Insurance Reserves Minimum Reserve Requirements) using a principle-based reserving (PBR) framework.
 - D. Develop LTCI experience reporting requirements in VM-50, Experience Reporting Requirements, and VM-51, Experience Reporting Formats, of the *Valuation Manual*.
 - E. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary to other NAIC groups relative to their work on health actuarial matters.
2. The **Long-Term Care Actuarial (B) Working Group**:
 - A. Assist the Health Actuarial (B) Task Force in completing the following charges:
 - i. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary with respect to model requirements for appropriate LTCI rates, rating practices, and rate changes.
 - ii. Continue to develop health insurance reserving requirements (VM-25, Health Insurance Reserves Minimum Reserve Requirements) using a PBR framework.
 - iii. Develop LTCI experience reporting requirements in VM-50 and VM-51.
3. The **Long-Term Care Pricing (B) Subgroup**:
 - A. Assist the Long-Term Care Actuarial (B) Working Group in completing the following charge:
 - i. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary with respect to model requirements for appropriate LTCI rates, rating practices and rate changes.
4. The **Long-Term Care Valuation (B) Subgroup**:
 - A. Assist the Long-Term Care Actuarial (B) Working Group in completing the following charges:
 - i. Continue to develop health insurance reserving requirements (VM-25) using a PBR framework.
 - ii. Develop LTCI experience reporting requirements in VM-50 and VM-51 of the *Valuation Manual*.

NAIC Support Staff: Eric King

Adopted by the Executive (EX) Committee and Plenary, TBD

Adopted by the Health Insurance and Managed Care (B) Committee, Nov. 10, 2022

Adopted by the Regulatory Framework (B) Task Force, Oct. 11, 2022

2023 Proposed Charges

REGULATORY FRAMEWORK (B) TASK FORCE

The mission of the Regulatory Framework (B) Task Force is to: 1) develop NAIC model acts and regulations for state health care initiatives; and 2) consider policy issues affecting state health insurance regulation.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Regulatory Framework (B) Task Force** will:
 - A. Coordinate and develop the provision of technical assistance to the states regarding state-level implementation issues raised by federal health legislation and regulations.
 - B. Review managed health care reforms, their delivery systems occurring in the marketplace, and other forms of health care delivery. Recommend appropriate revisions to regulatory jurisdiction, authority, and structures.
 - C. Consider the development of new NAIC model laws and regulations and the revision of existing NAIC model laws and regulations, including those affected by federal legislation and final federal regulations promulgated pursuant to such legislation.
 - D. Continue to review NAIC models recommended for revision by the former Affordable Care Act (ACA) Model Review (B) Working Group and, as appropriate, appoint a working group or subgroup to revise the NAIC model(s) prioritized for revision in 2023.
 - E. At the direction of the Health Insurance and Managed Care (B) Committee, through the work of the Employee Retirement Income Security Act (ERISA) (B) Working Group, monitor, analyze, and report developments related to association health plans (AHPs).
 - F. Monitor, analyze, and report, as necessary, developments related to short-term, limited-duration (STLD) coverage.
2. The **Accident and Sickness Insurance Minimum Standards (B) Subgroup** will:
 - A. Review and consider revisions to the *Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act* (#171).
3. The **ERISA (B) Working Group** will:
 - A. Monitor, report, and analyze developments related to ERISA, and make recommendations regarding NAIC strategy and policy with respect to those developments.
 - B. Monitor, facilitate, and coordinate with the states and the U.S. Department of Labor (DOL) efforts related to sham health plans.
 - C. Monitor, facilitate, and coordinate with the states and the DOL regarding compliance and enforcement efforts regarding the ACA that relate to ERISA.
 - D. Review the *Health and Welfare Plans Under the Employee Retirement Income Security Act: Guidelines for State and Federal Regulation* (ERISA Handbook) and modify it, as necessary, to reflect developments related to ERISA. Report annually.

REGULATORY FRAMEWORK (B) TASK FORCE *(Continued)*

4. The **Mental Health Parity and Addiction Equity Act (MHPAEA) (B) Working Group** will:
 - A. Monitor, report, and analyze developments related to the MHPAEA, and make recommendations regarding NAIC strategy and policy with respect to those developments.
 - B. Monitor, facilitate, and coordinate best practices with the states, the DOL, and the U.S. Department of Health and Human Services (HHS) related to the MHPAEA.
 - C. Monitor, facilitate, and coordinate with the states and the DOL regarding compliance and enforcement efforts regarding the ACA that relate to the MHPAEA.
 - D. Provide supplemental resources to support documentation and reporting in the MHPAEA chapter of the *Market Regulation Handbook*.
 - E. Coordinate with and provide input to Market Regulation and Consumer Affairs (D) Committee groups, as necessary, regarding mental health parity market conduct examinations.
5. The **Pharmacy Benefit Manager Regulatory Issues (B) Subgroup** will:
 - A. Develop a white paper to: 1) analyze and assess the role pharmacy benefit managers (PBMs), pharmacy services administrative organizations (PSAOs), and other supply chain entities play in the provision of prescription drug benefits; 2) identify, examine, and describe current and emerging state regulatory approaches to PBM business practices, such as price transparency and reporting requirements, rebating, and spread pricing, including the implications of the *Rutledge v. Pharmaceutical Care Management Association (PCMA)* decision on such business practices; and 3) discuss any challenges, if any, the states have encountered in implementing such laws and/or regulations.
 - B. Consider developing a new NAIC model to establish a licensing or registration process for PBMs. Based on issues identified in the white paper, the Subgroup may consider including in the new NAIC model provisions on PBM prescription drug pricing and cost transparency.

NAIC Support Staff: Jolie H. Matthews/Jennifer R. Cook

Adopted by the Executive (EX) Committee and Plenary, TBD

Adopted by the Health Insurance and Managed Care (B) Committee, Nov.10, 2022

Adopted by the Senior Issues (B) Task Force, Oct. 17, 2022

2023 Proposed Charges

SENIOR ISSUES (B) TASK FORCE

The mission of the Senior Issues (B) Task Force is to: 1) consider policy issues; 2) develop appropriate regulatory standards; and 3) revise, as necessary, the NAIC models, consumer guides, and training material on Medicare supplement insurance, long-term care insurance (LTCI), senior counseling programs, and other insurance issues that affect older Americans.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Senior Issues (B) Task Force** will:
 - A. Develop appropriate regulatory standards and revisions, as necessary, to the NAIC models, consumer guides, and training material on Medicare supplement insurance, senior counseling programs, and other insurance issues that affect older Americans. Work with federal agencies to advance appropriate regulatory standards for Medicare supplement and other forms of health insurance applicable to older Americans. Review the *Medicare Supplement Insurance Minimum Standards Model Act* (#650) and the *Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act* (#651) to determine if amendments are required based on changes to federal law. Work with the federal Centers for Medicare & Medicaid Services (CMS) to revise the annual joint publication, *Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare*.
 - B. Monitor the Medicare Advantage and Medicare Part D marketplace. Assist the states, as necessary, with regulatory issues. Maintain a dialogue and coordinate with the CMS on regulatory issues, including solvency oversight of waived plans and agent misconduct. Assist the states and serve as a clearinghouse for information on Medicare Advantage plan activity.
 - C. Provide the perspective of state insurance regulators to the U.S. Congress (Congress), as appropriate, and the CMS on insurance issues, including those concerning the effect and result of federal activity on the senior citizen health insurance marketplace and regulatory scheme. Review and monitor state and federal relations with respect to senior health care initiatives and other impacts on the states.
 - D. Monitor developments concerning State Health Insurance Assistance Programs (SHIPs), including information on legislation affecting the funding of SHIPs. Assist the states with issues relating to SHIPs and support a strong partnership between SHIPs and the CMS. Provide the perspective of state insurance regulators to federal officials, as appropriate, on issues concerning SHIPs.
 - E. Monitor, maintain, and review, in accordance with changes to Model #651, a record of state approvals of all Medicare supplement insurance new or innovative benefits for use by state insurance regulators and others. Review state-approved new or innovative benefits and consider whether to recommend that they be made part of standard benefit plan designs in Model #651.
 - F. Develop appropriate regulatory standards and revisions, as necessary, to the NAIC models, consumer guides, and training material on LTCI, including the study and evaluation of evolving LTCI product design, rating, suitability, and other related factors. Work with federal agencies, as appropriate.
 - G. Examine examples of health-related financial exploitation of seniors and work with other NAIC committees, task forces, and working groups on possible solutions.
 - H. Examine the effects of structural racism and the COVID-19 pandemic on access, affordability, and outcomes for older insurance consumers.

NAIC Support Staff: David Torian

Adopted by the Executive (EX) Committee and Plenary, TBD
Adopted by the Property and Casualty Insurance (C) Committee, TBD

2023 Proposed Charges

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE

The mission of the Property and Casualty Insurance (C) Committee is to: 1) monitor and respond to problems associated with the products, delivery, and cost in the property/casualty (P/C) insurance market and the surplus lines market as they operate with respect to individual persons and businesses; 2) monitor and respond to problems associated with financial reporting matters for P/C insurers that are of interest to regulatory actuaries and analysts; and 3) monitor and respond to problems associated with the financial aspects of the surplus lines market.

Ongoing Support of NAIC Programs, Products or Services

1. The **Property and Casualty Insurance (C) Committee** will:
 - A. Discuss issues arising and make recommendations with respect to advisory organization and insurer filings for personal and commercial lines, as needed. Report yearly.
 - B. Monitor the activities of the Casualty Actuarial and Statistical (C) Task Force.
 - C. Monitor the activities of the Surplus Lines (C) Task Force.
 - D. Monitor the activities of the Title Insurance (C) Task Force.
 - E. Monitor the activities of the Workers' Compensation (C) Task Force.
 - F. Provide an impartial forum for considering appeals of adverse decisions involving alien insurers delisted or rejected for listing to the *Quarterly Listing of Alien Insurers*. Appeal procedures are described in the International Insurers Department (IID) Plan of Operation.
 - G. Monitor and review developments in case law related to risk retention groups (RRGs). If warranted, make appropriate recommendations to the Risk Retention Group (E) Task Force for changes to the *Risk Retention and Purchasing Group Handbook*.
 - H. Monitor the activities of the Federal Crop Insurance Corporation (FCIC) that affect state insurance regulators:
 - i. Serve as a forum for discussing issues related to the interaction of federal crop insurance programs with state insurance regulation.
 - ii. Review law changes and court decisions, and, if warranted, make appropriate changes to the *Federal Crop Insurance Program Handbook: A Guide for Insurance Regulators*.
 - iii. Monitor the regulatory information exchanges between the FCIC and state insurance regulators, as well as the FCIC and the NAIC, and make recommendations for improvements or revisions, as needed.
 - I. Report on the cyber insurance market, including data reported within the Cybersecurity Insurance and Identity Theft Coverage Supplement.
 - J. Monitor regulatory issues that arise with the development of autonomous vehicles. Study and, if necessary, develop recommendations for changes needed to the state-based insurance regulatory framework.
 - K. Provide a forum for discussing issues related to parametric insurance, and consider the development of a white paper or regulatory guidance.
 - L. Study and report on the availability and affordability of liability and property coverage for non-profit organizations.
 - M. Assist state insurance regulators in better assessing their markets and insurer underwriting practices by developing property market data intelligence so regulators can better understand how markets are performing in their states, and identify potential new coverage gaps, including changes in deductibles and coverage types, and affordability and availability issues.

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE *(Continued)*

- N. Provide a forum for discussing issues related to the use of telematics in insurance, and consider the development of a white paper or regulatory guidance.
2. The **Cannabis Insurance (C) Working Group** will:
 - A. Assess and periodically report on the status of federal legislation that would protect financial institutions from liability associated with providing services to cannabis businesses operating legally under state law.
 - B. Encourage admitted insurers to ensure coverage adequacy in states where cannabis, including hemp, is legal.
 - C. Provide insurance resources to stakeholders, and keep up with new products and innovative ideas that may shape insurance in this space.
 - D. Explore potential sources of constraint to coverage limits and availability of cannabis insurance products within the admitted and non-admitted market. Explore the use of cannabis on P/C insurance lines of business. Use information gained to develop an appendix to the *Understanding the Market for Cannabis Insurance 2.0* white paper.
3. The **Catastrophe Insurance (C) Working Group** will:
 - A. Monitor and recommend measures to improve the availability and affordability of insurance and reinsurance related to catastrophe perils for personal and commercial lines.
 - B. Evaluate potential state, regional, and national programs to increase capacity for insurance and reinsurance related to catastrophe perils, including mitigation efforts being used in states and investigating loss trends in homeowners markets, with the goal to provide rate stability in the marketplace and protect consumers.
 - C. Monitor and assess proposals that address disaster insurance issues at the federal and state levels. Assess concentration-of-risk issues and whether a regulatory solution is needed.
 - D. Provide a forum for discussing issues and recommending solutions related to insuring for catastrophe risk, including terrorism, war, and natural disasters.
 - E. Draft a Catastrophe Modeling Primer that addresses the basic concepts of catastrophe modeling.
 - F. Investigate and recommend ways the NAIC can assist states in responding to disasters by continuing to build the NAIC's Catastrophe Resource Center for state insurance regulators to better prepare for disasters.
 - G. Continue to monitor the growth of the private flood insurance market and assess the actions taken by individual states to facilitate growth. Update the Considerations for Private Flood Insurance appendix to include new ways states are growing the private flood insurance market.
 - H. Study, in coordination with other NAIC task forces and working groups, earthquake, severe convective storms and wildfire matters of concern to state insurance regulators.
4. The **NAIC/Federal Emergency Management Agency (FEMA) (C) Working Group** will:
 - A. Assist state insurance regulators in engaging and collaborating with FEMA on an ongoing basis by establishing a process for the oversight, prioritization, and reporting of disaster-related regional workshops and other exercises to improve disaster preparation and resilience.
5. The **Terrorism Insurance Implementation (C) Working Group** will:
 - A. Coordinate the NAIC's efforts to address insurance coverage for acts of terrorism. Work with the U.S. Department of the Treasury's (Treasury Department's) Terrorism Risk Insurance Program (TRIP) Office on matters of mutual concern. Discuss long-term solutions to address the risk of loss from acts of terrorism.
 - B. Review and report on data collection related to insurance coverage for acts of terrorism.

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE *(Continued)*

6. The **Transparency and Readability of Consumer Information (C) Working Group** will:
 - A. Facilitate consumers' capacity to understand the content of insurance policies and assess differences in insurers' policy forms.
 - B. Assist other groups with drafting language included within consumer-facing documents.
 - C. Discuss disclosures for premium increases related to P/C insurance products. .
 - D. Update and develop web page and mobile content for *A Shopping Tool for Homeowners Insurance* and *A Shopping Tool for Automobile Insurance*.
 - E. Study and evaluate ways to engage department of insurance (DOI) communication with more diverse populations, such as rural communities.

NAIC Support Staff: Aaron Brandenburg

Adopted by the Executive (EX) Committee and Plenary, TBD

Adopted by the Property and Casualty Insurance (C) Committee, TBD

Adopted by the Casualty Actuarial and Statistical (C) Task Force, Oct. 18, 2022

2023 Proposed Charges

CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE

The mission of the Casualty Actuarial and Statistical (C) Task Force is to identify, investigate, and develop solutions to actuarial problems and statistical issues in the property/casualty (P/C) insurance industry. The Task Force's goals are to assist state insurance regulators with: 1) maintaining the financial health of P/C insurers; 2) ensuring that P/C insurance rates are not excessive, inadequate, or unfairly discriminatory; and 3) ensuring that appropriate data regarding P/C insurance markets are available.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Casualty Actuarial and Statistical (C) Task Force** will:

- A. Provide reserving, pricing, ratemaking, statistical, and other actuarial support to NAIC committees, task forces, and/or working groups. Propose changes to the appropriate work products, with the most common work products noted below, and present comments on proposals submitted by others relating to casualty actuarial and statistical matters. Monitor the activities regarding casualty actuarial issues, including the development of financial services regulations and statistical reporting, including disaster.
 - i. Property and Casualty Insurance (C) Committee – Ratemaking, reserving, or data issues.
 - ii. Blanks (E) Working Group – P/C annual financial statement, including Schedule P; P/C quarterly financial statement; P/C quarterly and annual financial statement instructions, including the Statement of Actuarial Opinion (SAO) and Actuarial Opinion Summary Supplement.
 - iii. Capital Adequacy (E) Task Force – P/C risk-based capital (RBC) report.
 - iv. Group Solvency Issues (E) Working Group and Own Risk and Solvency Assessment (ORSA) Implementation (E) Subgroup – ORSA.
 - v. Statutory Accounting Principles (E) Working Group – *Accounting Practices and Procedures Manual* (AP&P Manual), and review and provide comments on statutory accounting issues being considered under *Statement of Statutory Accounting Principles (SSAP) No. 65—Property and Casualty Contracts*.
 - vi. Speed to Market (D) Working Group – P/C actuarial sections of the *Product Filing Review Handbook*.
- B. Monitor national casualty actuarial developments and consider regulatory implications.
 - i. Casualty Actuarial Society (CAS) – Statements of Principles and *Syllabus of Basic Education*.
 - ii. American Academy of Actuaries (Academy) – Standards of Practices, Council on Professionalism, and Casualty Practice Council.
 - iii. Society of Actuaries (SOA) – General insurance track's basic education.
 - iv. Federal legislation.
- C. Facilitate discussion among state insurance regulators regarding rate filing issues of common interest across the states through the scheduling of regulator-only conference calls.
- D. Conduct the following predictive analytics work:
 - i. Facilitate training and the sharing of expertise through predictive analytics webinars (Book Club).
 - ii. Review the completed work on artificial intelligence (AI) from other Committee groups. Coordinate with the Innovation, Cybersecurity, and Technology (H) Committee on the tracking of new uses of AI, auditing algorithms, product development, and other emerging regulatory issues, in as far as these issues contain a Task Force component.
 - iii. With the NAIC Rate Model Team's assistance, discuss guidance for the regulatory review of models used in rate filings.

CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE *(Continued)*

2. The **Actuarial Opinion (C) Working Group** will:
 - A. Propose revisions to the following, as needed, especially to improve actuarial opinions, actuarial opinion summaries, and actuarial reports, as well as the regulatory analysis of these actuarial documents and loss and premium reserves:
 - i. *Financial Analysis Handbook*.
 - ii. *Financial Condition Examiners Handbook*.
 - iii. *Annual Statement Instructions—Property/Casualty*.
 - iv. Regulatory guidance to appointed actuaries and companies.
 - v. Other financial blanks and instructions, as needed.
3. The **Statistical Data (C) Working Group** will:
 - A. Consider updates and changes to the *Statistical Handbook of Data Available to Insurance Regulators*.
 - B. Consider updates and developments, provide technical assistance, and oversee the production of the following reports and databases. Periodically evaluate the demand and utility versus the costs of production of each product.
 - i. *Dwelling, Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance* (Homeowners Report).
 - ii. *Auto Insurance Database Report* (Auto Report).
 - iii. *Competition Database Report* (Competition Report).
 - iv. *Report on Profitability by Line by State* (Profitability Report).
 - C. Enhance the expedited reporting and publication of average auto and average homeowners premium portions of the annual Auto Report and Homeowners Report.

NAIC Support Staff: Kris DeFrain/Libby Crews

Adopted by the Executive (EX) Committee and Plenary, TBD
Adopted by the Property and Casualty Insurance (C) Committee, TBD
Adopted by the Surplus Lines (C) Task Force, Oct. 17, 2022

2023 Proposed Charges

SURPLUS LINES (C) TASK FORCE

The mission of the Surplus Lines (C) Task Force is to monitor the surplus lines market and regulation, including the activity and financial condition of U.S. and alien surplus lines insurers by providing a forum for discussion of issues and to develop or amend relevant NAIC model laws, regulations and/or guidelines.

Ongoing Support of NAIC Programs, Products or Services

1. The **Surplus Lines (C) Task Force** will:
 - A. Provide a forum for discussion of current and emerging surplus lines-related issues and topics of public policy, and determine appropriate regulatory response and action.
 - B. Review and analyze quantitative and qualitative data on U.S. domestic and alien surplus lines industry results and trends.
 - C. Monitor federal legislation related to the surplus lines market, and ensure all interested parties remain apprised.
 - D. Develop or amend relevant NAIC model laws, regulations, and/or guidelines.
 - E. Oversee the activities of the Surplus Lines (C) Working Group.
2. The **Surplus Lines (C) Working Group** will:
 - A. Operate in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, and operate in open session when discussing surplus lines topics and policy issues, such as amendments to the International Insurers Department (IID) Plan of Operation.
 - B. Maintain and draft new guidance within the IID Plan of Operation regarding standards for admittance and continued inclusion on the NAIC *Quarterly Listing of Alien Insurers*.
 - C. Review and consider appropriate decisions regarding applications for admittance to the NAIC *Quarterly Listing of Alien Insurers*.
 - D. Analyze renewal applications of alien surplus lines insurers on the NAIC *Quarterly Listing of Alien Insurers*, and ensure solvency and compliance per the IID Plan of Operation guidelines for continued listing.
 - E. Provide a forum for surplus lines-related discussion among jurisdictions.

NAIC Support Staff: Andy Daleo

Adopted by the Executive (EX) Committee and Plenary, TBD
Adopted by the Property and Casualty Insurance (C) Committee, TBD
Adopted by the Title Insurance (C) Task Force, Oct. 24, 2022

2023 Proposed Charges

TITLE INSURANCE (C) TASK FORCE

The mission of the Title Insurance (C) Task Force is to study issues related to title insurers and title insurance producers.

Ongoing Support of NAIC Programs, Products or Services

1. The **Title Insurance (C) Task Force** will:
 - A. Discuss and/or monitor issues and developments affecting the title insurance industry, and provide support and expertise to other NAIC committees, task forces and/or working groups, or outside entities, as appropriate.
 - B. Review and assist various regulatory bodies in combating fraudulent and/or unfair real estate settlement activities. Such efforts could include working with the Antifraud (D) Task Force and other NAIC committees, task forces and/or working groups to combat mortgage fraud and mitigating title agent defalcations through the promotion of closing protection letters (CPLs) and other remedies.
 - C. Consult with the Consumer Financial Protection Bureau (CFPB) and other agencies responsible for information, education, and disclosure for mortgage lending, closing services, and settlement services about the role of title insurance in the real estate transaction process.
 - D. Update the 2019 *Survey of State Insurance Laws Regarding Title Data and Title Matters*.
 - E. Review Section 15C of the *Title Insurers Model Act* (#628) to determine if a request should be made to remove the requirement for on-site review of underwriting and claims practices.
 - F. Obtain information on consumer complaints submitted to states regarding title insurance to determine if updates are needed to insurance regulatory best practices or standards.

NAIC Support Staff: Anne Obersteadt/Aaron Brandenburg

Adopted by the Executive (EX) Committee and Plenary, TBD
Adopted by the Property and Casualty Insurance (C) Committee, TBD
Adopted by the Workers' Compensation (C) Task Force, Oct. 7, 2022

2023 Proposed Charges

WORKERS' COMPENSATION (C) TASK FORCE

The mission of the Workers' Compensation (C) Task Force is to study the nature and effectiveness of state approaches to workers' compensation and related issues, including, but not limited to: assigned risk plans; safety in the workplace; treatment of investment income in rating; occupational disease; cost containment; and the relevance of adopted NAIC model laws, regulations and/or guidelines pertaining to workers' compensation.

Ongoing Support of NAIC Programs, Products or Services

1. The **Workers' Compensation (C) Task Force** will:
 - A. Oversee the activities of the NAIC/International Association of Industrial Accident Boards and Commissions (IAIABC) Joint (C) Working Group.
 - B. Discuss issues with respect to advisory organizations, rating organizations, statistical agents and insurance companies in the workers' compensation arena.
 - C. Monitor the movement of business from the standard markets to the assigned risk pools. Alert state insurance department representatives if the growth of assigned risk pools changes dramatically.
 - D. Follow workers' compensation issues regarding cannabis in coordination with the Cannabis Insurance (C) Working Group.
 - E. Discuss workers' compensation issues related to COVID-19 and Teleworking.
2. The **NAIC/IAIABC Joint (C) Working Group** will:
 - A. Study issues of mutual concern to state insurance regulators and the IAIABC. Review relevant IAIABC model laws and white papers and consider possible charges in light of the Working Group's recommendations.

NAIC Support Staff: Sara Robben/Aaron Brandenburg

Adopted by the Executive (EX) Committee and Plenary, TBD

Adopted by the Market Regulation and Consumer Affairs (D) Committee, TBD

2023 Proposed Charges

MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE

The mission of the Market Regulation and Consumer Affairs (D) Committee is to monitor all aspects of the market regulatory process for continuous improvement. This includes market analysis, regulatory interventions with companies, and multi-jurisdictional collaboration. The Committee will also review and make recommendations regarding the underwriting and market practices of insurers and producers, as those practices affect insurance consumers, including the availability and affordability of insurance.

Ongoing Support of NAIC Programs, Products or Services

1. The **Market Regulation and Consumer Affairs (D) Committee** will:
 - A. Monitor the centralized collection and storage of market conduct data, national analysis, and reporting at the NAIC, including issues regarding the public availability of data.
 - B. Monitor and assess the current process for multi-jurisdictional market conduct activities and provide appropriate recommendations for enhancement, as necessary.
 - C. Evaluate all data currently collected in the NAIC Market Information Systems (MIS) and considered confidential to determine what, if any, can be made more widely available.
 - D. Oversee the activities of the Antifraud (D) Task Force.
 - E. Oversee the activities of the Market Information Systems (D) Task Force.
 - F. Oversee the activities of the Producer Licensing (D) Task Force.
 - G. Monitor the underwriting and market practices of insurers and producers, as well as the conditions of insurance marketplaces, including urban markets, to identify specific market conduct issues of importance and concern. Hold public hearings on these issues at the NAIC national meetings, as appropriate.
 - H. In collaboration with other technical working groups, discuss and share best practices through public forums to address broad consumer concerns regarding personal insurance products.
 - I. Coordinate with the International Insurance Relations (G) Committee to develop input and submit comments to the International Association of Insurance Supervisors (IAIS) and/or other related groups on issues regarding market regulation concepts.
 - J. Coordinate with the Health Insurance and Managed Care (B) Committee to provide policy recommendations regarding uniform state enforcement of the federal Affordable Care Act (ACA).
2. The **Advisory Organization (D) Working Group** will:
 - A. Revise the protocols, as necessary, for the examination of national or multistate advisory organizations (including rating organizations and statistical agents) to be more comprehensive, efficient, and possibly less frequent than the current system of single-state exams. Solicit input and collaboration from other interested and affected committees and task forces.
 - B. Monitor the data reporting and data collection processes of advisory organizations (including rating organizations and statistical agents) to determine if they are implementing appropriate measures to ensure data quality. Report the results of this ongoing charge, as needed.
 - C. Actively assist with and coordinate multistate examinations of advisory organizations (including rating organizations and statistical agents).

MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE *(Continued)*

3. The **Market Actions (D) Working Group** will:
 - A. Facilitate interstate communication and coordinate collaborative state regulatory actions.
4. The **Market Analysis Procedures (D) Working Group** will:
 - A. Recommend changes to the market analysis framework based on results over the past five years, including the current set of Level 1 and Level 2 questions.
 - B. In accordance with the second recommendation of the adopted *Review of Artificial Intelligence Techniques in Market Analysis*, assess currently available market analysis data to identify needed improvements in the effectiveness of the data for market analysis and the predictive abilities of the market scoring systems utilizing the data.
 - C. Discuss other market data collection issues and make recommendations, as necessary.
 - D. Consider recommendations for new lines of business for the Market Conduct Annual Statement (MCAS).
5. The **Market Conduct Annual Statement Blanks (D) Working Group** will:
 - A. Review the MCAS data elements and the “Data Call and Definitions” for those lines of business that have been in effect for longer than three years and update them, as necessary.
 - B. Develop an MCAS blank to be used for the collection of data for additional lines of business, where appropriate.
6. The **Market Conduct Examination Guidelines (D) Working Group** will:
 - A. Develop market conduct examination standards, as necessary, for inclusion in the *Market Regulation Handbook*.
 - B. Monitor the adoption and revision of NAIC models and develop market conduct examination standards to correspond with adopted NAIC models.
 - C. Develop updated standardized data requests, as necessary, for inclusion in the *Market Regulation Handbook*.
 - D. Discuss the development of uniform market conduct procedural guidance (e.g., a library, depository or warehouse with market conduct examination templates, such as an exam call letter, exam exit agenda, etc.) for inclusion in, or for use in conjunction with, the *Market Regulation Handbook*.
 - E. Coordinate with the Innovation, Cybersecurity and Technology (H) Committee to develop market conduct examiner guidance for the oversight of regulated entities’ use of insurance and non-insurance consumer data and models using algorithms and artificial intelligence (AI).
 - F. Discuss the effectiveness of group supervision of market conduct risks and develop examination procedural guidance, as necessary.
 - G. Discuss the role of market conduct examiners in reviewing insurers’ corporate governance as outlined in the NAIC’s *Corporate Governance Annual Disclosure Model Act* (#305) and *Corporate Governance Annual Disclosure Model Regulation* (#306).
7. The **Market Regulation Certification (D) Working Group** will:
 - A. Develop a formal market regulation certification proposal for consideration by the NAIC membership that provides recommendations for the following: 1) certification standards; 2) a process for the state implementation of the standards; 3) a process to measure the states’ compliance with the standards; 4) a process for future revisions to the standards; and 5) assistance for jurisdictions to achieve certification.

MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE *(Continued)*

8. The **Speed to Market (D) Working Group** will:
- A. Consider proposed System for Electronic Rates & Forms Filing (SERFF) features or functionality presented to the Working Group by the Product Steering Committee (PSC). Receive periodic reports from the PSC, as needed.
 - B. Provide feedback and recommendations concerning the SERFF modernization when requested by the Executive (EX) Committee and any group assigned oversight of the SERFF modernization by the Executive (EX) Committee.
 - C. Discuss and oversee the implementation and ongoing maintenance/enhancement of speed to market operational efficiencies related to product filing needs, efficiencies, and effective consumer protection. This includes the following activities:
 - i. Provide a forum to gather information from the states and the industry regarding tools, policies, and resolutions to assist with common filing issues. Provide oversight in evaluating product filing efficiency issues for state insurance regulators and the industry, particularly regarding uniformity.
 - ii. Use SERFF data to develop, refine, implement, collect, and distribute common filing metrics that provide a tool to measure the success of the speed to market modernization efforts, as measured by nationwide and individual state speed to market compliance, with an emphasis on monitoring state regulatory and insurer responsibilities for speed to market for insurance products.
 - iii. Facilitate proposed changes to the product coding matrices (PCMs) and the uniform transmittal document (UTD) on an annual basis, including the review, approval, and notification of changes. Monitor, assist with, and report on state implementation of any PCM changes.
 - iv. Facilitate the review and revision of the Product Filing Review Handbook, which contains an overview of all the operational efficiency tools and describes best practices for industry filers and state reviewers regarding the rate and form filing and review process. Develop and implement a communication plan to inform the states about the Product Filing Review Handbook.
 - D. Provide direction to NAIC staff regarding SERFF functionality, implementation, development, and enhancements. Receive periodic reports from NAIC staff, as needed.
 - E. Conduct the following activities, as desired, by the Interstate Insurance Product Regulation Commission (Compact):
 - i. Provide support to the Compact as the speed to market vehicle for asset-based insurance products, encouraging the states' participation in, and the industry's usage of, the Compact.
 - ii. Receive periodic reports from the Compact, as needed.

NAIC Support Staff: Tim Mullen/Randy Helder

Adopted by the Executive (EX) Committee and Plenary, TBD

Adopted by the Market Regulation and Consumer Affairs (D) Committee, TBD

Adopted by the Antifraud (D) Task Force, Oct. 28, 2022

2023 Proposed Charges

ANTIFRAUD (D) TASK FORCE

The mission of the Antifraud (D) Task Force is to serve the public interest by assisting the state insurance supervisory officials, individually and collectively, through the detection, monitoring, and appropriate referral for the investigation of insurance crime, both by and against consumers. The Task Force will assist the insurance regulatory community by conducting the following activities: 1) maintaining and improving electronic databases regarding fraudulent insurance activities; 2) disseminating the results of research and analysis of insurance fraud trends, as well as case-specific analysis, to the insurance regulatory community; and 3) providing a liaison function between state insurance regulators, law enforcement—i.e., federal, state, local, and international—and other specific antifraud organizations. The Task Force will also serve as a liaison with the NAIC Information Technology Group (ITG) and other NAIC committees, task forces, and/or working groups to develop technological solutions for data collection and information sharing. The Task Force will monitor all aspects of antifraud activities by its working groups on the following charges.

Ongoing Support of NAIC Programs, Products or Services

1. The **Antifraud (D) Task Force** will:

- A. Work with NAIC committees, task forces, and working groups (e.g., Title Insurance (C) Task Force, etc.) to review issues and concerns related to fraud activities and schemes related to insurance fraud.
- B. Coordinate efforts to address national concerns related to agent fraud and activities of unauthorized agents related to insurance sales.
- C. Coordinate the enforcement and investigation efforts of state and federal securities regulators with state insurance fraud bureaus.
- D. Coordinate with state, federal, and international law enforcement agencies in addressing antifraud issues relating to the insurance industry.
- E. Review and provide comments to the International Association of Insurance Supervisors (IAIS) on its Insurance Core Principles (ICPs) related to insurance fraud.
- F. Coordinate activities and information from national antifraud organizations and provide information to state insurance fraud bureaus.
- G. Coordinate activities and information with state and federal fraud divisions to determine guidelines that will assist with reciprocal involvement concerning antifraud issues resulting from natural disasters and catastrophes.
- H. Coordinate efforts with the insurance industry to address antifraud issues and concerns.
- I. Evaluate and recommend methods to track national fraud trends.
- J. Develop seminars, trainings, and webinars regarding insurance fraud. Provide three webinars by the 2023 Fall National Meeting.

2. The **Antifraud Technology (D) Working Group** will:

- A. Work with the NAIC to develop an Antifraud Plan Repository to be used by insurers to create and store an electronic fraud plan for distribution among the states/jurisdictions. Complete by the 2023 Fall National Meeting.
- B. Evaluate sources of antifraud data and propose methods for enhancing the utilization and exchange of information among state insurance regulators, fraud investigative divisions, law enforcement officials, insurers, and antifraud organizations. Complete by the 2023 Fall National Meeting.

ANTIFRAUD (D) TASK FORCE *(Continued)*

3. The **Improper Marketing of Health Insurance (D) Working Group** will:
 - A. Coordinate with state insurance regulators, both on a state and federal level, to provide assistance and guidance monitoring the improper marketing of health plans and coordinate appropriate enforcement actions, as needed, with other NAIC committees, task forces, and working groups.
 - B. Review existing NAIC models and guidelines that address the use of lead generators for sales of health insurance products and identify models and guidelines that need to be updated or developed to address current marketplace activities.

NAIC Support Staff: Greg Welker/Lois E. Alexander

Adopted by the Executive (EX) Committee and Plenary, TBD

Adopted by the Market Regulation and Consumer Affairs (D) Committee, TBD

Adopted by the Market Information Systems (D) Task Force, Oct. 31, 2022

2023 Proposed Charges

MARKET INFORMATION SYSTEMS (D) TASK FORCE

The mission of the Market Information Systems (D) Task Force is to provide business expertise regarding the desired functionality of the NAIC Market Information Systems (MIS) and the prioritization of regulatory requests for the development and enhancement of the MIS.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Market Information Systems (D) Task Force** will:
 - A. Ensure that the MIS support the strategic direction set forth by the Market Regulation and Consumer Affairs (D) Committee.
 - B. Analyze the data in the MIS. In accordance with the first recommendation of the adopted *Review of Artificial Intelligence Techniques in Market Analysis*, recommend methods to ensure better data quality.
 - C. In conjunction with the Market Analysis Procedures (D) Working Group and in accordance with the second recommendation of the adopted *Review of Artificial Intelligence Techniques in Market Analysis*, assess currently available market analysis data to identify needed improvements in the effectiveness of the data for market analysis and the predictive abilities of the market scoring systems utilizing the data.
 - D. Provide guidance on the appropriate use of the MIS and the data entered in them.
 - i. Complaints Database System (CDS).
 - ii. Electronic Forums.
 - iii. Market Actions Tracking System (MATS).
 - iv. Market Analysis Profile.
 - v. Market Analysis Prioritization Tool (MAPT).
 - vi. Market Analysis Review System (MARS).
 - vii. Market Conduct Annual Statement (MCAS).
 - viii. Regulatory Information Retrieval System (RIRS).
 - ix. 1033 State Decision Repository (SDR1033) (in conjunction with the Antifraud (D) Task Force).
2. The **Market Information Systems Research and Development (D) Working Group** will:
 - A. Serve as the business partner to review and prioritize submitted Uniform System Enhancement Request (USER) forms to ensure an efficient use of available NAIC staffing and resources.
 - B. Assist the Task Force with tasks as assigned, such as:
 - i. Analyze MIS data.
 - ii. Provide state users with query access to MIS data.
 - iii. Provide guidance on the appropriate use of the MIS.

NAIC Support Staff: Randy Helder

Adopted by the Executive (EX) Committee and Plenary, TBD

Adopted by the Market Regulation and Consumer Affairs (D) Committee, TBD

Adopted by the Producer Licensing (D) Task Force, Oct. 28, 2022

2023 Proposed Revised Charges

PRODUCER LICENSING (D) TASK FORCE

The mission of the Producer Licensing (D) Task Force is to: 1) develop and implement uniform standards, interpretations, and treatment of producer and adjuster licensees and licensing terminology; 2) monitor and respond to developments related to licensing reciprocity; 3) coordinate with industry and consumer groups regarding priorities for licensing reforms; and 4) provide direction based on NAIC membership initiatives to the National Insurance Producer Registry (NIPR) Board of Directors regarding the development and implementation of uniform producer licensing initiatives, with a primary emphasis on encouraging the use of electronic technology.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Producer Licensing (D) Task Force** will:

- A. Work closely with NIPR to encourage the full utilization of NIPR products and services by all the states and producers, and encourage accurate and timely reporting of state administrative actions to the NAIC's Regulatory Information Retrieval System (RIRS) to ensure that this data is properly reflected in the State Producer Licensing Database (SPLD) and the Producer Database (PDB).
- B. Facilitate roundtable discussions, as needed, with the state producer licensing directors for the exchange of views, opinions, and ideas on producer licensing activities in the states and at the NAIC.
- C. Discuss, as necessary, state perspectives regarding the regulation and benefit of the activities of the federal Affordable Care Act (ACA), established enrollment assisters (including navigators and non-navigator assisters and certified application counselors), and the activities of producers in assisting individuals and businesses purchasing in the health insurance marketplaces. Coordinate with the Health Insurance and Managed Care (B) Committee and the Antifraud (D) Task Force, as necessary.
- D. Monitor the activities of the National Association of Registered Agents and Brokers (NARAB) in the development and enforcement of the NARAB membership rules, including the criteria for successfully passing a background check.
- E. Coordinate through NAIC staff to provide guidance to NIPR on producer licensing-related electronic initiatives. Hear a report from NIPR at each national meeting.
- F. Coordinate with the Market Information Systems (D) Task Force and the Antifraud (D) Task Force to evaluate and make recommendations regarding the entry, retention, and use of data in the NAIC's Market Information Systems (MIS).
- G. Coordinate with the Special (EX) Committee on Race and Insurance on referrals affecting insurance producers.
- H. Discuss how criminal convictions may affect producer licensing applicants, and review the NAIC's *Guidelines for State Insurance Regulators to the Violent Crime Control and Law Enforcement Act of 1994* to create a more simplified and consistent approach in how states review 1033 waiver requests.

2. The **Adjuster Licensing (D) Working Group** will:

- A. Monitor state implementation of adjuster licensing and reciprocity; update, as necessary, the NAIC adjuster licensing standards.

PRODUCER LICENSING (D) TASK FORCE *(Continued)*

3. The **Producer Licensing Uniformity (D) Working Group** will:
 - A. Work closely with state producer licensing directors and exam vendors to ensure that: 1) the states achieve full compliance with the standards in order to achieve greater uniformity; and 2) the exams test the qualifications for an entry-level position as a producer.
 - B. Provide oversight and ongoing updates, as needed, to the *State Licensing Handbook*.
 - C. Monitor and assess the state implementation of the Uniform Licensing Standards (ULS), and update the standards, as needed.
 - D. Review and update, as needed, the NAIC's uniform producer licensing applications and uniform appointment form. Provide any recommended updates to the Producer Licensing (D) Task Force by the NAIC Summer National Meeting.
4. The **Uniform Education (D) Working Group** will:
 - A. Update, as needed, the reciprocity guidelines, the uniform application forms for continuing education (CE) providers, and the process for state review and approval of instructors and courses. Provide any recommended updates to the Producer Licensing (D) Task Force by the 2023 Fall National Meeting.
 - B. Coordinate with NAIC parent committees, task forces, and/or working groups to review and provide recommendations, as necessary, on prelicensing education and CE requirements that are included in NAIC model acts, regulations, and/or standards.

NAIC Support Staff: Tim Mullen/Greg Welker

Adopted by the Executive (EX) Committee and Plenary, TBD
Adopted by the Financial Condition (E) Committee, Nov. 15, 2022

2023 Proposed Charges

FINANCIAL CONDITION (E) COMMITTEE

The mission of the Financial Condition (E) Committee is to be the central forum and coordinator of solvency-related considerations of the NAIC relating to accounting practices and procedures; blanks; valuation of securities; financial analysis and solvency; multistate examinations and examiner and analysis training; and issues concerning insurer insolvencies and insolvency guarantees. In addition, the Committee interacts with the technical task forces.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Financial Condition (E) Committee** will:
 - A. Monitor all of the changes to the annual/quarterly financial statement blanks and instructions, risk-based capital (RBC) formulas, *Financial Condition Examiners Handbook*, *Accounting Practices and Procedures Manual* (AP&P Manual), *Financial Analysis Handbook*, *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), NAIC model laws, NAIC accreditation standards, and other NAIC publications.
 - B. Appoint and oversee the activities of the following: Accounting Practices and Procedures (E) Task Force; Capital Adequacy (E) Task Force; Examination Oversight (E) Task Force; Receivership and Insolvency (E) Task Force; Reinsurance (E) Task Force; Risk Retention Group (E) Task Force; and Valuation of Securities (E) Task Force.
 - C. Oversee a process to address financial issues that may compromise the consistency and uniformity of the U.S. solvency framework, referring valuation and other issues to the appropriate committees as needed.
 - D. Use the Risk-Focused Surveillance (E) Working Group to address specific industry concerns regarding regulatory redundancy, and review any issues that industry subsequently escalates to the Committee.
2. The **Financial Analysis (E) Working Group** will:
 - A. Analyze nationally significant insurers and groups that exhibit characteristics of trending toward or being financially troubled; determine if appropriate action is being taken.
 - B. Interact with domiciliary regulators and lead states to assist and advise as to what might be the most appropriate regulatory strategies, methods, and action(s).
 - C. Support, encourage, promote, and coordinate multistate efforts in addressing solvency problems, including identifying adverse industry trends.
 - D. Increase information-sharing and coordination between state insurance regulators and federal authorities, including through representation of state insurance regulators in national bodies with responsibilities for system-wide oversight.
3. The **Group Capital Calculation (E) Working Group** will:
 - A. Continually review and monitor the effectiveness of the group capital calculation (GCC), and consider revisions, as necessary, to maintain the effectiveness of its objective under the U.S. solvency system.
 - B. Liaise, as necessary, with the International Insurance Relations (G) Committee on international group capital developments, and consider input from participation of U.S. state insurance regulators in the International Association of Insurance Supervisors (IAIS) monitoring process.

FINANCIAL CONDITION (E) COMMITTEE *(Continued)*

4. The **Group Solvency Issues (E) Working Group** will:
 - A. Continue to develop potential enhancements to the current regulatory solvency system as it relates to group solvency-related issues.
 - B. Critically review and provide input and drafting on IAIS material dealing with group supervision issues and identify best practices in group supervision emerging from the IAIS Supervisory Forum.
 - C. Continually review and monitor the effectiveness of the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450), and consider revisions, as necessary, to maintain effective oversight of insurance groups.
5. The **Own Risk and Solvency Assessment (ORSA) Implementation (E) Subgroup** of the Group Solvency Issues (E) Working Group will:
 - A. Continue to provide and enhance an enterprise risk management (ERM) education program for state insurance regulators in support of the ORSA implementation.
 - B. Continually review and monitor the effectiveness of the *Risk Management and Own Risk and Solvency Assessment Model Act* (#505) and its corresponding *NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual* (ORSA Guidance Manual); consider revisions as necessary.
6. The **Mortgage Guaranty Insurance (E) Working Group** will:
 - A. Develop changes to the *Mortgage Guaranty Insurance Model Act* (#630) and other areas of the solvency regulation of mortgage guaranty insurers, including, but not limited to, revisions to *Statement of Statutory Accounting Principles (SSAP) No. 58—Mortgage Guaranty Insurance*, and develop an extensive mortgage guaranty supplemental filing. Finalize Model #630 by the 2023 Spring National Meeting.
7. The **Mutual Recognition of Jurisdictions (E) Working Group** will:
 - A. Oversee the process for evaluating jurisdictions, and maintain a listing of jurisdictions that meet the NAIC requirements for recognizing and accepting the NAIC GCC.
 - B. Maintain the *NAIC List of Qualified Jurisdictions* and the *NAIC List of Reciprocal Jurisdictions* in accordance with the *Process for Evaluating Qualified and Reciprocal Jurisdictions*.
8. The **NAIC/American Institute of Certified Public Accountants (AICPA) (E) Working Group** will:
 - A. Continually review the *Annual Financial Reporting Model Regulation* (#205) and its corresponding implementation guide; revise as appropriate.
 - B. Address financial solvency issues by working with the AICPA and responding to AICPA exposure drafts.
 - C. Monitor the federal Sarbanes-Oxley (SOX) Act of 2002, as well as rules and regulations promulgated by the U.S. Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB), and other financial services regulatory entities.
 - D. Review annually the premium threshold amount included in Section 16 of Model #205, with the general intent that those insurers subject to the Section 16 requirements would capture at least approximately 90% of industry premium and/or in response to any future regulatory or market developments.

FINANCIAL CONDITION (E) COMMITTEE *(Continued)*

9. The **National Treatment and Coordination (E) Working Group** will:
 - A. Increase utilization and implementation of the *Company Licensing Best Practices Handbook*.
 - B. Encourage synergies between corporate changes/amendments and rate and form filing review and approval to improve efficiency.
 - C. Continue to monitor the usage and make necessary enhancements to the Form A Database.
 - D. Maintain educational courses in the existing NAIC Insurance Regulator Professional Designation Program for company licensing regulators.
 - E. Make necessary enhancements to promote electronic submission of all company licensing applications.
10. The **Restructuring Mechanisms (E) Working Group** will:
 - A. Evaluate and prepare a white paper that:
 - i. Addresses the perceived need for restructuring statutes and the issues those statutes are designed to remedy. Also, consider alternatives that insurers are currently employing to achieve similar results.
 - ii. Summarizes the existing state restructuring statutes.
 - iii. Addresses the legal issues posed by an order of a court (or approval by an insurance department) in one state affecting the policyholders of other states.
 - iv. Considers the impact that a restructuring might have on guaranty associations and policyholders that had guaranty fund protection prior to the restructuring.
 - v. Identifies and addresses the legal issues associated with restructuring using a protected cell.
 - B. Consider requesting approval from the Executive (EX) Committee on developing changes to specific NAIC models as a result of findings from the development of the white paper.
11. The **Restructuring Mechanisms (E) Subgroup** of the Restructuring Mechanisms (E) Working Group will:
 - A. Develop best practices to be used in considering the approval of proposed restructuring transactions, including, among other things, the expected level of reserves and capital expected after the transfer, along with the adequacy of long-term liquidity needs. Also, develop best practices to be used in monitoring the companies after the transaction is completed. Once completed, recommend to the Financial Regulation Standards and Accreditation (F) Committee for its consideration.
 - B. Consider the need to make changes to the RBC formula to better assess the minimum surplus requirements for companies in runoff.
 - C. Review the various restructuring mechanisms, and develop, if deemed needed, accounting and reporting requirements for referring to the Statutory Accounting Principles (E) Working Group.
12. The **Risk-Focused Surveillance (E) Working Group** will:
 - A. Continually review the effectiveness of risk-focused surveillance, and develop enhancements to processes as necessary.
 - B. Continually review regulatory redundancy issues identified by interested parties, and provide recommendations to other NAIC committee groups to address as needed.
 - C. Oversee and monitor the Peer Review Program to encourage consistent and effective risk-focused surveillance processes.
 - D. Continually maintain and update standardized job descriptions/requirements and salary range recommendations for common solvency monitoring positions to assist insurance departments in attracting and maintaining suitable staff.

FINANCIAL CONDITION (E) COMMITTEE *(Continued)*

13. The **Valuation Analysis (E) Working Group** will:

- A. Work with NAIC resources to assist in prioritizing and responding to issues and questions regarding principle-based reserves (PBR) and asset adequacy analysis, including actuarial guidelines or other requirements .
- B. Develop and implement a plan to coordinate PBR reviews/examinations, and provide a confidential forum to address questions and issues.
- C. Review, on a targeted basis, asset adequacy analysis filings for *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53), and coordinate with states as appropriate.
- D. Review, on a targeted basis, long-term care (LTC) reserve adequacy filings for *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* (AG 51), and coordinate with states as appropriate.
- E. Refer questions/issues, as appropriate, to the Life Actuarial (A) Task Force that may require consideration of changes/interpretations to be provided in the *Valuation Manual* or related actuarial guidelines.
- F. Assist NAIC resources in the use of models and other analytical tools to support the review of PBR/asset adequacy analysis.
- G. Make referrals, as appropriate, to the Financial Analysis (E) Working Group.
- H. Perform other work to carry out the Valuation Analysis (E) Working Group procedures.

NAIC Support Staff: Dan Daveline/Julie Gann/Bruce Jenson

Adopted by the Executive (EX) Committee and Plenary, TBD

Adopted by the Financial Condition (E) Committee, Nov. 15, 2022

Adopted by the Accounting Practices and Procedures (E) Task Force, Aug. 11, 2022

2023 Proposed Charges

ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE

The mission of the Accounting Practices and Procedures (E) Task Force is to identify, investigate, and develop solutions to accounting problems with the ultimate goal of guiding insurers in properly accounting for various aspects of their operations; modify the *Accounting Practices and Procedures Manual* (AP&P Manual) to reflect changes necessitated by Task Force action; and study innovative insurer accounting practices that affect the ability of state insurance regulators to determine the true financial condition of insurers.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Accounting Practices and Procedures (E) Task Force** will:
 - A. Oversee the activities of the Blanks (E) Working Group and the Statutory Accounting Principles (E) Working Group.
2. The **Blanks (E) Working Group** will:
 - A. Consider improvements and revisions to the various annual/quarterly statement blanks to:
 - i. Conform these blanks to changes made in other areas of the NAIC to promote uniformity in reporting of financial information by insurers.
 - ii. Develop reporting formats for other entities subject to the jurisdiction of state insurance departments.
 - iii. Conform the various NAIC blanks and instructions to adopted NAIC policy.
 - iv. Oversee the development of additional reporting formats within the existing annual financial statements as needs are identified.
 - B. Continue to monitor state filing checklists to maintain current filing requirements.
 - C. Continue to monitor and improve the quality of financial data filed by insurance companies by recommending improved or additional language for the *Annual Statement Instructions*.
 - D. Continue to monitor and review all proposals necessary for the implementation of statutory accounting guidance to ensure proper implementation of any action taken by the Accounting Practices and Procedures (E) Task Force affecting annual financial statements and/or instructions.
 - E. Continue to coordinate with other task forces of the NAIC to ensure proper implementation of reporting and instructions changes as proposed by these taskforces.
 - F. Coordinate with the applicable task forces and working groups as needed to avoid duplication of reporting within the annual and quarterly statement blanks.
 - G. Consider proposals presented that would address duplication in reporting, eliminate data elements, financial schedules and disclosures that are no longer needed, and coordinate with other NAIC task forces and working groups if applicable, to ensure revised reporting still meets the needs of regulators.
 - H. Review requests for investment schedule blanks and instructions changes in connection with the work being performed by the Capital Adequacy (E) Task Force and its working groups.
 - I. Review changes requested by the Valuation of Securities (E) Task Force relating to its work on other invested assets reporting for technical consistency within the investment reporting schedules and instructions.

ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE *(Continued)*

3. The **Statutory Accounting Principles (E) Working Group** will:
 - A. Maintain codified statutory accounting principles by providing periodic updates to the guidance that address new statutory issues and new generally accepted accounting principles (GAAP) pronouncements. Provide authoritative responses to questions of application and clarifications for existing statutory accounting principles. Report all actions and provide updates to the Accounting Practices and Procedures (E) Task Force.
 - B. At the discretion of the Working Group chair, develop comments on exposed GAAP and International Financial Reporting Standards (IFRS) pronouncements affecting financial accounting and reporting. Any comments are subject to review and approval by the chairs of the Accounting Practices and Procedures (E) Task Force and the Financial Condition (E) Committee.
 - C. Coordinate with the Life Actuarial (A) Task Force on changes to the AP&P Manual related to the *Valuation Manual* VM-A, Requirements, and VM-C, Actuarial Guidelines, as well as other *Valuation Manual* requirements. This process will include the receipt of periodic reports on changes to the *Valuation Manual* on items that require coordination.
 - D. Obtain, analyze, and review information on permitted practices, prescribed practices, or other accounting treatments suggesting that issues or trends occurring within the industry may compromise the consistency and uniformity of statutory accounting, including, but not limited to, activities conducted by insurers for which there is currently no statutory accounting guidance or where the states have prescribed statutory accounting that differs from the guidance issued by the NAIC. Use this information to consider possible changes to statutory accounting.

NAIC Support Staff: Robin Marcotte

Adopted by the Executive (EX) Committee and Plenary, TBD
Adopted by the Financial Condition (E) Committee, Nov. 15, 2022
Adopted by the Capital Adequacy (E) Task Force, Sept. 21, 2022

2023 Proposed Charges

CAPITAL ADEQUACY (E) TASK FORCE

The mission of the Capital Adequacy (E) Task Force is to evaluate and recommend appropriate refinements to capital requirements for all types of insurers.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Capital Adequacy (E) Task Force** will:
 - A. Evaluate emerging “risk” issues for referral to the risk-based capital (RBC) working groups/subgroups for certain issues involving more than one RBC formula. Monitor emerging and existing risks relative to their consistent or divergent treatment in the three RBC formulas.
 - B. Review and evaluate company submissions for the schedule and corresponding adjustment to total adjusted capital (TAC).
 - C. Evaluate relevant historical data, and apply defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to the current asset risk structure and factors in each of the RBC formulas.
2. The **Health Risk-Based Capital (E) Working Group, Life Risk-Based Capital (E) Working Group, and Property and Casualty Risk-Based Capital (E) Working Group** will:
 - A. Evaluate refinements to the existing NAIC RBC formulas implemented in the prior year. Forward the final version of the structure of the current year life and fraternal, property/casualty (P/C), and health RBC formulas to the Financial Condition (E) Committee by June.
 - B. Consider improvements and revisions to the various RBC blanks to: 1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity; and 2) oversee the development of additional reporting formats within the existing RBC blanks as needs are identified. Any proposal that affects the RBC structure must be adopted no later than April 30 of the reporting year, and any proposal that affects the RBC factors and/or instructions must be adopted no later than June 30 of the reporting year. Adopted changes will be forwarded to the Financial Condition (E) Committee by the next scheduled meeting. Any adoptions made to the annual financial statement blanks or statutory accounting principles that affect an RBC change adopted by June 30 and result in an amended change may be considered by and adopted by July 30, where the Capital Adequacy (E) Task Force votes to pursue by super-majority (two-thirds) consent of members.
 - C. Monitor changes in accounting and reporting requirements resulting from the adoption and continuing maintenance of the revised *Accounting Practices and Procedures Manual* (AP&P Manual) to ensure that model laws, publications, formulas, analysis tools, etc., supported by the Task Force continue to meet regulatory objectives.
 - D. Review the effectiveness of the NAIC’s RBC policies and procedures as they affect the accuracy, audit ability, timeliness of reporting access to RBC results, and comparability between the RBC formulas. Report on data quality problems in the prior year RBC filings at the summer and fall national meetings.

CAPITAL ADEQUACY (E) TASK FORCE (*continued*)

3. The **Longevity Risk (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
 - A. Provide recommendations for the appropriate treatment of longevity risk transfers by the new longevity factors.
4. The **Variable Annuities Capital and Reserve (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
 - A. Monitor the impact of the changes to the variable annuities reserve framework and RBC calculation, and determine if additional revisions need to be made.
 - B. Develop and recommend appropriate changes, including those to improve accuracy and clarity of variable annuity (VA) capital and reserve requirements.
5. The **Catastrophe Risk (E) Subgroup** of the Property and Casualty Risk-Based Capital (E) Working Group will:
 - A. Recalculate the premium risk factors on an ex-catastrophe basis, if needed.
 - B. Continue to update the U.S. and non-U.S. catastrophe event list.
 - C. Continue to evaluate the need for exemption criteria for insurers with minimal risk.
 - D. Evaluate the RBC results inclusive of a catastrophe risk charge.
 - E. Refine instructions for the catastrophe risk charge.
 - F. Continue to evaluate any necessary refinements to the catastrophe risk formula.
 - G. Evaluate other catastrophe risks for possible inclusion in the charge.
6. The **Risk-Based Capital Investment Risk and Evaluation (E) Working Group** will:
 - A. Perform a comprehensive review of the RBC investment framework for all business types, which could include:
 1. Identifying and acknowledging uses that extend beyond the purpose of the *Risk-Based Capital (RBC) for Insurers Model Act* (#312).
 2. Assessing the impact and effectiveness of potential changes in contributing to the identification of weakly capitalized companies; i.e., those companies at action level.
 3. Documenting the modifications made over time to the formulas, including, but not limited to, an analysis of the costs in study and development, implementation (internal and external), assimilation, verification, analysis, and review of the desired change to the RBC formulas and facilitating the appropriate allocation of resources.

NAIC Support Staff: Eva Yeung

Adopted by the Executive (EX) Committee and Plenary, TBD
Adopted by the Financial Condition (E) Committee, Nov. 15, 2022
Adopted by the Examination Oversight (E) Task Force, Sept. 28, 2022

2023 Proposed Charges

EXAMINATION OVERSIGHT (E) TASK FORCE

The mission of the Examination Oversight (E) Task Force is to monitor, develop, and implement tools for the risk-focused surveillance process. For financial examinations and analysis, this includes maintenance of the *Financial Condition Examiners Handbook* and the *Financial Analysis Handbook* to provide guidance to examiners and analysts using a risk-focused approach to solvency regulation and to encourage effective communication and coordination between examiners, analysts, and other regulators. In addition, the mission of the Task Force is to: monitor and refine regulatory tools of the risk-focused surveillance process, including Financial Analysis Solvency Tools (FAST) such as company profiles and the FAST ratio scoring system; oversee financial examiner and analyst use of electronic software tools; monitor the progress of coordination efforts among the states in conducting examinations and the sharing of information necessary to solvency monitoring; establish procedures for the flow of information between the states about troubled companies; maintain an effective approach to the review of information technology (IT) general controls; and monitor the timeliness of financial examinations.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Examination Oversight (E) Task Force** will:
 - A. Accomplish its mission using the following groups:
 - i. Electronic Workpaper (E) Working Group.
 - ii. Financial Analysis Solvency Tools (E) Working Group.
 - iii. Financial Examiners Coordination (E) Working Group.
 - iv. Financial Examiners Handbook (E) Technical Group.
 - v. Information Technology (IT) Examination (E) Working Group.
2. The **Electronic Workpaper (E) Working Group** will:
 - A. Monitor and support the state insurance departments in using electronic workpaper software tools to conduct and document solvency monitoring activities.
 - B. Provide ongoing oversight to the transition of electronic workpaper work to the TeamMate+ application.
 - C. Monitor state insurance regulator use of TeamMate+ to proactively identify best practices and improvements to the application, as necessary.
3. The **Financial Analysis Solvency Tools (E) Working Group** will:
 - A. Provide ongoing maintenance and enhancements to the *Financial Analysis Handbook* and related applications for changes to the NAIC annual/quarterly financial statement blanks, as well as enhancements developed to assist in the risk-focused analysis and monitoring of the financial condition of insurance companies and groups. Monitor the coordination of analysis activities of holding company groups, and coordinate and analyze input received from other state regulators.
 - B. Provide ongoing development maintenance and enhancements to the automated financial solvency tools developed to assist in conducting risk-focused analysis and monitoring the financial condition of insurance companies and groups. Prioritize and perform analysis to ensure that the tools remain reliable and accurate.

EXAMINATION OVERSIGHT (E) TASK FORCE *(Continued)*

- C. Coordinate with the Financial Examiners Handbook (E) Technical Group and the Risk-Focused Surveillance (E) Working Group, as appropriate, to develop and maintain guidance in order to provide effective solvency monitoring.
 - D. Adjust the *Financial Analysis Handbook* and current financial analysis solvency tools for life insurance companies based on any recommendations as requested from the Life Actuarial (A) Task Force to incorporate principle-based reserving (PBR) changes.
4. The **Financial Examiners Coordination (E) Working Group** will:
- A. Develop enhancements that encourage the coordination of examination activities regarding holding company groups.
 - B. Promote coordination by assisting and advising domiciliary regulators and exam coordinating states as to what might be the most appropriate regulatory strategies, methods, and actions regarding financial examinations of holding company groups.
 - C. Facilitate communication among regulators regarding common practices and issues arising from coordinating examination efforts.
 - D. Provide ongoing maintenance and enhancements to the Financial Examination Electronic Tracking System (FEETS).
5. The **Financial Examiners Handbook (E) Technical Group** will:
- A. Continually review the *Financial Condition Examiners Handbook* and revise, as appropriate.
 - B. Coordinate with the Risk-Focused Surveillance (E) Working Group to monitor the implementation of the risk- assessment process by developing additional guidance and exhibits within the *Financial Condition Examiners Handbook*, including consideration of potential redundancies affected by the examination process, corporate governance, and other guidance as needed to assist examiners in completing financial condition examinations.
 - C. Coordinate with the Financial Analysis Solvency Tools (E) Working Group and the Risk-Focused Surveillance (E) Working Group, as appropriate, to develop and maintain guidance in order to provide effective solvency monitoring.
 - D. Coordinate with the IT Examination (E) Working Group and the Financial Examiners Coordination (E) Working Group to maintain specialized areas of guidance within the *Financial Condition Examiners Handbook* related to the charges of these specific working groups.
 - E. Adjust the *Financial Condition Examiners Handbook* based upon any recommendations as requested from the Life Actuarial (A) Task Force to incorporate PBR changes.
6. The **Information Technology (IT) Examination (E) Working Group** will:
- A. Continually review and revise, as needed, the “General Information Technology Review” and “Exhibit C— Evaluation of Controls in Information Systems” sections of the *Financial Condition Examiners Handbook*.
 - B. Coordinate with the Cybersecurity (H) Working Group to monitor cybersecurity trends, including emerging and/or ongoing vulnerabilities, and develop guidance within the *Financial Condition Examiners Handbook* or other tools, if deemed necessary, to support IT examiners.

NAIC Support Staff: Bailey Henning

Adopted by the Executive (EX) Committee and Plenary, TBD
Adopted by the Financial Condition (E) Committee, Nov. 15, 2022
Adopted by the Financial Stability (E) Task Force, Oct. 28, 2022

2023 Proposed Charges

FINANCIAL STABILITY (E) TASK FORCE

The mission of the Financial Stability (E) Task Force is to consider issues concerning domestic or global financial stability as they pertain to the role of state insurance regulators.

Ongoing Support of NAIC Program, Products, or Services

1. The **Financial Stability (E) Task Force** will:
 - A. Manage the macroprudential supervisory component of the NAIC financial solvency framework.
 - i. Monitor the U.S. insurance industry's macroprudential risk levels.
 - ii. Maintain macroprudential regulatory tools.
 - iii. Identify data gaps and enhanced disclosure needs for the statutory financial statement and/or other reporting mechanisms.
 - iv. Propose enhancements and/or additional supervisory measures to the Financial Condition (E) Committee or other relevant committees, and consult with such committees on implementation.
 - B. Monitor U.S. macroprudential policy issues, and respond as appropriate.
 - i. Support and work with the state insurance regulator representative to the Financial Stability Oversight Council (FSOC) to address confidential FSOC or other federal agency macroprudential work.
 - ii. Participate in public FSOC or other federal agency macroprudential work.
 - C. Monitor international macroprudential policy issues, and participate/respond as appropriate.
 - i. Coordinate with the International Insurance Relations (G) Committee to address International Association of Insurance Supervisors (IAIS) or other international macroprudential work.
2. The **Macroprudential (E) Working Group** will:
 - A. Oversee the implementation and maintenance of the Liquidity Stress Testing Framework (LST Framework).
 - B. Monitor domestic and global activities including those frequently associated with private equity (PE) ownership that may affect the U.S. insurance industry.
 - C. Execute the original Macroprudential Initiative (MPI) projects related to counterparty disclosures and capital stress testing.
 - D. Continue to develop and administer data collection tools as needed, leveraging existing data where feasible, to provide the Financial Stability (E) Task Force with meaningful macroprudential information regarding how the insurance sector is navigating the prevailing market conditions.
 - E. Oversee the development, implementation, and maintenance process for a new Macroprudential Risk Assessment system (i.e., policies, procedures, and tools) to enhance regulators' ability to monitor industry trends from a macroprudential perspective.
 - F. Oversee the documentation of the NAIC's macroprudential policies, procedures, and tools.
 - G. Provide the Task Force with updates to IAIS and other international initiatives as needed.

NAIC Support Staff: Tim Nauheimer/Todd Sells

Adopted by the Executive (EX) Committee and Plenary, TBD

Adopted by the Financial Condition (E) Committee, Nov. 15, 2022

Adopted by the Receivership and Insolvency (E) Task Force, Aug. 11, 2022

2023 Proposed Charges

RECEIVERSHIP AND INSOLVENCY (E) TASK FORCE

The mission of the Receivership and Insolvency (E) Task Force is to be administrative and substantive as it relates to issues concerning insurer insolvencies and insolvency guarantees. Such duties include, without limitation: 1) monitoring the effectiveness and performance of state administration of receiverships and the state guaranty fund system; 2) coordinating cooperation and communication among regulators, receivers, and guaranty funds; 3) monitoring ongoing receiverships and reporting on such receiverships to NAIC members; 4) developing and providing educational and training programs in the area of insurer insolvencies and insolvency guarantees to regulators, professionals, and consumers; 5) developing and monitoring relevant model laws, guidelines, and products; and 6) providing resources for regulators and professionals to promote efficient operations of receiverships and guaranty funds.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Receivership and Insolvency (E) Task Force** will:
 - A. Monitor and promote efficient operations of insurance receiverships and guaranty associations.
 - B. Monitor and promote state adoption of insurance receivership and guaranty association model acts and regulations, and monitor other legislation related to insurance receiverships and guaranty associations.
 - C. Provide input and comments to the International Association of Insurance Supervisors (IAIS), the Financial Stability Board (FSB), or other related groups on issues regarding international resolution authority.
 - D. Monitor, review, and provide input on federal rulemaking and studies related to insurance receiverships.
 - E. Provide ongoing review of the *Receiver's Handbook for Insurance Company Insolvencies* (Receiver's Handbook), other related NAIC publications, and the Global Receivership Information Database (GRID), and make any necessary updates.
 - F. Monitor the work of other NAIC committees, task forces, and working groups to identify and address any issues that affect receivership law and/or regulatory guidance.
 - G. Perform additional work as directed by the Financial Condition (E) Committee and/or received through referral by other groups.
2. The **Receivership Financial Analysis (E) Working Group** will:
 - A. Monitor receiverships involving nationally significant insurers/groups to support, encourage, promote, and coordinate multistate efforts in addressing problems.
 - B. Interact with the Financial Analysis (E) Working Group, domiciliary regulators, and lead states to assist and advise as to what might be the most appropriate regulatory strategies, methods, and/or action(s) regarding potential or pending receiverships.
3. The **Receivership Law (E) Working Group** will:
 - A. Review and provide recommendations on any issues identified that may affect states' receivership and guaranty association laws (e.g., any issues that arise as a result of market conditions; insurer insolvencies; federal rulemaking and studies; international resolution initiatives; or as a result of the work performed by or referred from other NAIC committees, task forces, and/or working groups).
 - B. Discuss significant cases that may affect the administration of receiverships.

RECEIVERSHIP AND INSOLVENCY (E) TASK FORCE *(Continued)*

4. The **Receiver's Handbook (E) Subgroup** will:
 - A. Complete the review the Receiver's Handbook to identify areas where information is outdated, updates are required, or additional guidance is needed. Based on this review, draft and propose recommended edits to the Receiver's Handbook. Complete by the 2023 Fall National Meeting.

NAIC Support Staff: Jane Koenigsman

Adopted by the Executive (EX) Committee and Plenary, TBD
Adopted by the Financial Condition (E) Committee, Nov. 15, 2022
Adopted by the Reinsurance (E) Task Force, July 25, 2022

2023 Proposed Charges

REINSURANCE (E) TASK FORCE

The mission of the Reinsurance (E) Task Force is to monitor and coordinate activities and areas of interest that overlap to some extent the charges of other NAIC groups—specifically, the International Insurance Relations (G) Committee.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Reinsurance (E) Task Force** will:
 - A. Provide a forum for the consideration of reinsurance-related issues of public policy.
 - B. Oversee the activities of the Reinsurance Financial Analysis (E) Working Group.
 - C. Monitor the implementation of the 2011, 2016, and 2019 revisions to the *Credit for Reinsurance Model Law* (#785); and the 2011 and 2019 revisions to the *Credit for Reinsurance Model Regulation* (#786) and the *Term and Universal Life Insurance Reserve Financing Model Regulation* (#787).
 - D. Communicate and coordinate with the Federal Insurance Office (FIO), other federal authorities, and international regulators and authorities on matters pertaining to reinsurance.
 - E. Consider any other issues related to the revised Model #785, Model #786, and Model #787.
 - F. Monitor the development of international principles, standards, and guidance with respect to reinsurance. This includes, but is not limited to, monitoring the activities of various groups within the International Association of Insurance Supervisors (IAIS), including the Reinsurance and Other Forms of Risk Transfer Subcommittee, the Reinsurance Mutual Recognition Subgroup, and the Reinsurance Transparency Group.
 - G. Consider the impact of reinsurance-related federal legislation, including, but not limited to, the federal Nonadmitted and Reinsurance Reform Act (NRRRA) and the Federal Insurance Office Act, and coordinate any appropriate NAIC action.
 - H. Continue to monitor the impact of reinsurance-related international agreements, including the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (EU Covered Agreement) and the “Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance” (UK Covered Agreement).
2. The **Reinsurance Financial Analysis (E) Working Group** will:
 - A. Operate in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, and operate in open session when discussing certified reinsurance topics and policy issues, such as amendments to the Uniform Application for Certified Reinsurers.
 - B. Provide advisory support and assistance to states in the review of reinsurance collateral reduction applications. Such a process with respect to the review of applications for reinsurance collateral reduction and qualified jurisdictions should strengthen state regulation and prevent regulatory arbitrage.
 - C. Provide a forum for discussion among NAIC jurisdictions of reinsurance issues related to specific companies, entities, or individuals.
 - D. Support, encourage, promote, and coordinate multistate efforts in addressing issues related to certified reinsurers, including, but not limited to, multistate recognition of certified reinsurers.

REINSURANCE (E) TASK FORCE *(Continued)*

- E. Provide analytical expertise and support to the states with respect to certified reinsurers and applicants for certification.
- F. Provide advisory support with respect to issues related to the determination of qualified jurisdictions.
- G. Ensure the public passporting website remains current.
- H. For reinsurers domiciled in reciprocal jurisdictions, determine the best and most effective approaches for the financial solvency surveillance to assist the states in their work to protect the interests of policyholders.

NAIC Support Staff: Jake Stultz/Dan Schelp

Adopted by the Executive (EX) Committee and Plenary, TBD
Adopted by the Financial Condition (E) Committee, Nov. 15, 2022
Adopted by the Risk Retention Group (E) Task Force, Oct. 5, 2022

2023 Proposed Charges

RISK RETENTION GROUP (E) TASK FORCE

The mission of the Risk Retention Group (E) Task Force is to stay apprised of the work of other NAIC groups as it relates to financial solvency regulation and the NAIC Financial Regulation Standards and Accreditation Program. The Task Force may make referrals to the Financial Regulation Standards and Accreditation (F) Committee and/or other NAIC groups, as deemed appropriate.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Risk Retention Group (E) Task Force** will:
 - A. Monitor and evaluate the work of other NAIC committees, task forces, and working groups related to risk retention groups (RRGs). Specifically, if any of these actions affect the NAIC Financial Regulation and Accreditation Standards Program, assess whether and/or how the changes should apply to RRGs and their affiliates.
 - B. Monitor and analyze federal actions, including any U.S. Government Accountability Office (GAO) reports. Consider any action necessary as a result of federal activity.
 - C. Monitor the impacts of recent tools and resources made available to domiciliary and non-domiciliary state insurance regulators pertaining to RRGs. Consider whether additional action is necessary, including educational opportunities, updating resources, and further clarifications.

NAIC Support Staff: Becky Meyer/Sara Franson

Adopted by the Executive (EX) Committee and Plenary, TBD
Adopted by the Financial Condition (E) Committee, Nov. 15, 2022
Adopted by the Valuation of Securities (E) Task Force, Oct. 19, 2022

2023 Proposed Charges

VALUATION OF SECURITIES (E) TASK FORCE

The mission of the Valuation of Securities (E) Task Force is to provide regulatory leadership and expertise to establish and maintain all aspects of the NAIC's credit assessment process for insurer-owned securities, as well as produce insightful and actionable research and analysis regarding insurer investments.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Valuation of Securities (E) Task Force** will:
 - A. Review and monitor the operations of the NAIC Securities Valuation Office (SVO) and the NAIC Structured Securities Group (SSG) to ensure they continue to reflect regulatory objectives.
 - B. Maintain and revise the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to provide solutions to investment-related regulatory issues for existing or anticipated investments.
 - C. Monitor changes in accounting and reporting requirements resulting from the continuing maintenance of the *Accounting Practices and Procedures Manual* (AP&P Manual), as well as financial statement blanks and instructions, to ensure that the P&P Manual continues to reflect regulatory needs and objectives.
 - D. Consider whether improvements should be suggested to the measurement, reporting, and evaluation of invested assets by the NAIC as the result of: 1) newly identified types of invested assets; 2) newly identified investment risks within existing invested asset types; or 3) elevated concerns regarding previously identified investment risks.
 - E. Identify potential improvements to the credit filing process, including formats and electronic system enhancements.
 - F. Provide effective direction to the NAIC's mortgage-backed securities modeling firms and consultants.
 - G. Coordinate with other NAIC working groups and task forces—including, but not limited to, the Capital Adequacy (E) Task Force, the Statutory Accounting Principles (E) Working Group, the Blanks (E) Working Group, and the Risk-Based Capital Investment Risk and Evaluation (E) Working Group—to formulate recommendations and to make referrals to such other NAIC regulator groups to ensure expertise relative to investments, or the purpose and objective of guidance in the P&P Manual, is reflective in the guidance of such other groups and that the expertise of such other NAIC regulatory groups and the objectives of their guidance is reflected in the P&P Manual.
 - H. Identify potential improvements to the filing exempt (FE) process (the use of credit rating provider [CRP] ratings to determine an NAIC designation) to ensure greater consistency, uniformity, and appropriateness to achieve the NAIC's financial solvency objectives.
 - I. Implement policies to oversee the NAIC's staff administration of rating agency ratings used in NAIC processes, including staff's discretion over the applicability of their use in their administration of FE.
 - J. Establish criteria to permit staff's discretion over the assignment of NAIC designations for securities subject to the FE process (the use of CRP ratings to determine an NAIC designation) to ensure greater consistency, uniformity, and appropriateness to achieve the NAIC's financial solvency objectives.
 - K. Implement additional and alternative ways to measure and report investment risk.

NAIC Support Staff: Charles A. Therriault



Adopted by the Life Actuarial (A) Task Force, 9/8/22

Adopted by the Life Insurance and Annuities (A) Committee, 11/15/22

Adopted by the Executive (EX) Committee and Plenary, TBD

TABLE 1

PROPOSED 2023 GRET FACTORS, BASED ON AVERAGE OF 2019/2020 DATA

DESCRIPTION	Acquisition per Policy	Acquisition per Unit	Acquisition per Premium	Maintenance per Policy	Companies Included	Average Premium Per Policy Issued During Year	Average Face Amt (000) Per Policy Issued During Year
Independent	\$180	\$1.00	45%	\$54	141	3,073	204
Career	203	1.10	51%	61	84	2,296	197
Direct Marketing	197	1.10	49%	59	21	899	57
Niche Marketing	147	0.80	37%	44	30	507	14
Other*	153	0.90	39%	46	106	853	72
* Includes companies that did not respond to this or prior year surveys					382		

TABLE 2

CURRENT 2022 GRET FACTORS, BASED ON AVERAGE OF 2017/2019 DATA

Description	Acquisition per Policy	Acquisition per Unit	Acquisition per Premium	Maintenance per Policy	Companies Included	Average Premium Per Policy Issued During Year	Average Face Amt (000) Per Policy Issued During Year
Independent	\$183	\$1.00	46%	\$55	142	3,252	194
Career	212	1.20	53%	64	77	2,327	197
Direct Marketing	200	1.10	50%	60	23	875	72
Niche Marketing	151	0.90	37%	45	24	517	13
Other*	139	0.80	35%	42	109	786	70
* Includes companies that did not respond to this or prior year surveys					375		

APPENDIX A -- DISTRIBUTION CHANNELS

The following is a description of distribution channels used in the development of recommended 2022 GRET values:

1. Independent – Business written by a company that markets its insurance policies through an independent insurance agent or insurance broker not primarily affiliated with any one insurance company. These agencies or agents are not employed by the company and operate without an exclusive distribution contract with the company. These include most PGA arrangements.
2. Career – Business written by a company that markets insurance and investment products through a sales force primarily affiliated with one insurance company. These companies recruit, finance, train, and often house financial professionals who are typically referred to as career agents or multi-line exclusive agents.
3. Direct Marketing – Business written by a company that markets its own insurance policies direct to the consumer through methods such as direct mail, print media, broadcast media, telemarketing, retail centers and kiosks, internet, or other media. No direct field compensation is involved.
4. Niche Marketers – Business written by home service, pre-need, or final expense insurance companies as well as niche-market companies selling small face amount life products through a variety of distribution channels.
5. Other – Companies surveyed were only provided with the four options described above. Nonetheless since there were many companies for which we did not receive a response (or whose response in past years' surveys confirmed an "other" categorization (see below), values for the "other" category are given in the tables in this memo. It was also included to

indicate how many life insurance companies with no response (to this survey and prior surveys) and to indicate whether their exclusion has introduced a bias into the resulting values.

APPENDIX B – UNIT EXPENSE SEEDS

The
2014

expense seeds used in the
and prior GRETS were
differentiated between
office and all other

branch
categories, due to the results of a relatively old study that had indicated that branch office acquisition cost expressed on a per Face Amount basis was about double that of other distribution channels. Due to the elimination of the branch office category in the 2015 GRET, non-differentiated unit expense seeds have been used in the current and immediately prior studies.

The unit expense seeds used in the 2022 GRET and the 2021 GRET recommendations were based on the average of the 2006 through 2010 Annual SOA expense studies. These studies differentiated unit expenses by type of individual life insurance policy (term and permanent coverages). As neither the GRET nor the Annual Statement data provided differentiates between these two types of coverage, the unit expense seed was derived by judgment based this information. The following shows the averages derived from the Annual SOA studies and the seeds used in this study. Beginning with the 2020 Annual Statement submission this information will become more readily available.

2006-2010 (AVERAGE) CLICE STUDIES:

	Acquisition/ Policy	Acquisition/ Face Amount (000)	Acquisition/ Premium	Maintenance/ Policy
Term				
Weighted Average	\$149	\$0.62	38%	\$58
Unweighted Average	\$237	\$0.80	57%	\$76
Median	\$196	\$0.59	38%	\$64
Permanent				
Weighted Average	\$167	\$1.43	42%	\$56
Unweighted Average	\$303	\$1.57	49%	\$70
Median	\$158	\$1.30	41%	\$67

CURRENT UNIT EXPENSE SEEDS:

	Acquisition/ Policy	Acquisition/ Face Amount (000)	Acquisition/ Premium	Maintenance/ Policy
All distribution channels	\$200	\$1.10	50%	\$60



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F +1-847-706-3599
soa.org

TO: Reggie Mazyck, ASA, MAAA, Life Actuary, LATF Support

FROM: Pete Miller, ASA, MAAA, Experience Study Actuary, Society of Actuaries (SOA) Research Institute
Tony Phipps, Chair, SOA Research Institute Committee on Life Insurance Company Expenses

DATE: July 23, 2022

RE: 2023 Generally Recognized Expense Table (GRET) – SOA Research Institute Analysis

Dear Mr. Mazyck:

As in previous years, the Society of Actuaries Research Institute expresses its thanks to NAIC staff for their assistance and responsiveness in providing Annual Statement expense and unit data for the 2023 GRET analysis for use with individual life insurance sales illustrations. The analysis is based on expense and expense related information reported on companies' 2020 and 2021 Annual Statements. This project has been completed to assist the Life Actuarial Task Force (LATF) in its consideration of potential revisions to the GRET that could become effective for calendar year 2023. This memo describes the analysis and resultant findings.

NAIC staff provided Annual Statement data for life insurance companies for calendar years 2020 and 2021. This included data from 771 companies in 2020 and 766 companies in 2021. This decrease resumes the trend of small decreases from year to year. Of the total companies, 382 were in both years and passed the outlier exclusion tests and were included as a base for the GRET factors (375 companies passed similar tests last year).

APPROACH USED

The methodology for calculating the recommended GRET factors based on this data is similar to that followed the last several years. The methodology was last altered in 2015. The changes made at that time can be found in the recommendation letter sent to LATF on July 30, 2015¹.

To calculate updated GRET factors, the average of the factors from the two most recent years (2020 and 2021 for those companies with data available for both years) of Annual Statement data was used. For each company an actual-to-expected ratio was calculated. Companies with ratios that fell outside predetermined parameters were excluded. This process was completed three times to stabilize the average rates. The boundaries of the exclusions have been modified from time to time; however, there were no adjustments made this year. Unit expense seed factors (the seeds for all distribution channel categories are the same), as shown in Appendix B, were used to compute total expected expenses. Thus, these seed factors were used to implicitly allocate expenses between acquisition and maintenance expenses, as well as among the three acquisition expense factors (on a direct of ceded reinsurance basis).

Companies were categorized by their reported distribution channel (four categories were used as described in Appendix A included below). There remain a significant number of companies for which no distribution channel was provided, as no responses to the annual surveys have been received from those companies. The characteristics of these companies vary significantly, including companies not currently writing new business or whose major line of business is not individual life insurance. Any advice or assistance from LATF in future years to increase the response rate to the surveys of companies that submit Annual Statements in order to reduce the number of companies in the "Other" category would be most welcomed. The intention is to

¹ <https://www.soa.org/Files/Research/Projects/research-2016-gret-recommendation.pdf>



continue surveying the companies in future years to enable enhancement of this multiple distribution channel information.

Companies were excluded from the analysis if in either 2020 or 2021 (1) their actual to expected ratios were considered outliers, often due to low business volume, (2) the average first year and single premium per policy were more than \$40,000, (3) they are known reinsurance companies or (4) their data were not included in the data supplied by the NAIC. To derive the overall GRET factors, the unweighted average of the remaining companies' actual-to-expected ratios for each respective category was calculated. The resulting factors were rounded, as shown in Table 1.

THE RECOMMENDATION

The above methodology results in the proposed 2023 GRET values shown in Table 1. To facilitate comparisons, the current 2022 GRET factors are shown in Table 2. Further characteristics of the type of companies represented in each category are included in the last two columns in Table 1, including the average premium per policy issued and the average face amount (\$000s) per policy issued.

To facilitate comparisons, the current 2022 GRET factors are shown in Table 2. Further characteristics of the type of companies represented in each category are included in the last two columns in Table 1, including the average premium per policy issued and the average face amount (\$000s) per policy issued.

TABLE 1

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In previous recommendations, an effort was made to reduce volatility in the GRET factors from year-to-year by limiting the change in GRET factors between years to about ten percent of the prior value. The changes from the 2022 GRET were reviewed to ensure that a significant change was not made in this year's GRET recommendation.

All GRET factors for the other distribution channel category experienced a change greater than ten percent so the factors for these lines were capped at this ten percent level (or slightly above 10% due to rounding of the factor) from the corresponding 2022 GRET values. The volatility occurred due to incorrect NAIC data for 2018 for some companies, which caused their actual to expected ratios to be considered outliers and they were not included in the calculation. This resulted in lower final 2022 GRET factors and subsequently the same for the 2023 recommendation. Over the next one to three years, the ten percent cap will allow this difference to be graded in so calculated GRET will be used for the final recommended GRET factors.

USAGE OF THE GRET

This year's survey, responded to by companies' Annual Statement correspondent, included a question regarding whether the 2022 GRET table was used in its illustrations by the company. Last year, 31% of the responders indicated their company used the GRET for sales illustration purposes, with similar percentage results by size of company; this contrasted with about 29% in 2020. This year, 35% of responding companies indicated that they used the GRET in 2022 for sales illustration purposes. The range was from 33% for Career and Niche Marketing to 43% for Independent. No companies in Career or Other used GRET. Based on the information received over the last several years, the variation in GRET usage appears to be in large part due to the relatively small sample size and different responders to the surveys.

We hope LATF finds this information helpful and sufficient for consideration of a potential update to the GRET. If you require further analysis or have questions, please contact Pete Miller at 847-706-3566.

Kindest personal regards,

A handwritten signature in black ink that reads 'Pete J. Miller'.

Pete Miller, ASA, MAAA
Experience Study Actuary
Society of Actuaries Research Institute

A handwritten signature in black ink that appears to read 'Tony Phipps'.

Tony Phipps, FSA, MAAA
Chair, SOA Research Institute Committee on
Life Insurance Company Expenses



APPENDIX A -- DISTRIBUTION CHANNELS

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APPENDIX B – UNIT EXPENSE SEEDS

The expense seeds used in the 2014 and prior GRETs were differentiated between branch office and all other categories, due to the results of a relatively old study that had indicated that branch office acquisition cost expressed on a per Face Amount basis was about double that of other distribution channels. Due to the elimination of the branch office category in the 2015 GRET, non-differentiated unit expense seeds have been used in the current and immediately prior studies.

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CURRENT UNIT EXPENSE SEEDS:

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All distribution channels	\$200	\$1.10	50%	\$60

Adopted by the Health Insurance and Managed Care (B) Committee, Nov. 10, 2022
Adopted by the Health Actuarial (B) Task Force, Sept. 28, 2022

Actuarial Guideline XLIV

GROUP TERM LIFE WAIVER OF PREMIUM DISABLED LIFE RESERVES

DRAFT ONLY - VERSION ASSUMES GRANDFATHERING OF 2005 TABLES AND ASSOCIATED USE OF COMPANY EXPERIENCE PROVISIONS (SEE SECTION V). ALSO HAS RECOGNITION OF NEW TABLES AND NEW USE OF COMPANY EXPERIENCE PROVISIONS, EFFECTIVE WITH JANUARY 1, 2023 DISABILITIES (SEE SECTION VI). SECTION VI, USE OF COMPANY EXPERIENCE PROVISIONS ASSOCIATED WITH THE NEW TABLES, LARGELY MODELS THOSE OF GROUP LONG-TERM DISABILITY (GLTD) ACTUARIAL GUIDELINE XLVII.

I. Background

Section 4.G. of the Standard Valuation Law establishes tables approved by the commissioner as the minimum standard for computing reserves for group life insurance and special benefits. The purpose of this Actuarial Guideline (Guideline) is to determine the minimum standard of valuation for group term life waiver of premium disabled life benefits and to recognize the 2023 Group Term Life Waiver (GTLW) Mortality and Recovery Valuation Tables. The Guideline also maintains recognition of the 2005 Group Term Life Waiver Mortality and Recovery Tables for purposes outlined in Section V of the Guideline.

Claims subject to Section V of the Guideline (applicable to individuals who become disabled on or after January 1, 2009 and on or before December 31, 2022) may be valued under Section VI (applicable to individuals who become disabled on or after January 1, 2023) at the election of the insurer provided these claims, for all future valuation dates, are valued under that section or any newer succeeding section at the insurer's election.

Group term life policies do not maintain contract reserves beyond the duration of the policy issued to the group policyholder. However, some policies guarantee an extended death benefit to an individual insured who is disabled according to the terms of the policy. Thus, to the extent such guarantees are made, a disabled life reserve must be maintained for each individual that is so disabled. However, prior to the creation of this guideline, there has been no formal guidance regarding the calculation of these disabled life reserves.

II. Scope

This guideline applies to group term life certificates on individuals who become disabled on or after January 1, 2009. Based on the provisions of Section 4.G. of the Standard Valuation Law, companies may apply this to group term life certificates on individuals who became disabled prior to January 1, 2009, provided they obtain permission from the commissioner.

III. Definitions

“2005 GTLW Mortality Tables” means the mortality rate tables shown in Attachments A and B.

“2005 GTLW Recovery Tables” means the recovery rate tables shown in Attachments C and D.

“2023 GTLW Mortality Valuation Table” means the mortality rate tables shown in Attachments E and F.

“2023 GTLW Recovery Valuation Table” means the recovery rate tables shown in Attachments G and H.

IV. The Group Waiver of Premium Reserve Calculation

- A. The minimum standard of valuation for group term life waiver of premium disabled life benefits shall be the present value of the death benefit payable discounted for interest and recovery. Since there is not a contract reserve based upon an aggregate table, the discounted value of waived premiums is inadequate to support this liability.
- B. The maximum interest rate to be used in determining the minimum valuation standard for any group term life waiver of premium disabled life benefit incurred on or after the effective date of this guideline shall be the maximum rate permitted by law in the valuation of life insurance of the same guaranteed duration issued on the

same date as the claim incurral date of disability. For most groups and companies this rate shall be the rate for life insurance with guaranteed duration greater than 20 years. The guaranteed duration used to determine the life insurance rate of interest is equal to the largest term in years between the point at which any individual in the group may become disabled and the point at which no death benefit is available. Thus, if a person could become disabled at age 20, and remain disabled, and receive a benefit upon death before age 65, the guaranteed duration would be 45 years.

- C. The valuation tables were derived from employer-employee group life experience. Other forms of group term life insurance are also subject to the same requirements if they contain similar extended death benefit provisions.

V. Text - Group Term Life Certificates on Individuals Who Become Disabled on or After January 1, 2009 and on or Before December 31, 2022.

Claims subject to this section of the Guideline may be valued under Section VI (applicable to disabilities incurred January 1, 2023 and later) at the election of the insurer provided these claims, for all future valuation dates, are valued under that section or any newer succeeding section at the insurer's election.

A. Group Waiver of Premium Reserve Calculation

- 1. Except as provided in Section V.B, the 2005 GTLW Mortality and Recovery Tables shall be used for determining the minimum standard of valuation for any group term life waiver of premium disabled life benefit incurred during the effective period of this section of this Guideline. Section V.B offers ways to modify the underlying rates of mortality or recovery if they differ from those associated with the underlying experience in the valuation table.

B. Use of Company Experience

- 1. The Appointed Actuary shall review company experience at least once every five years. The review of company experience can range from a detailed experience study to a high level analysis. The extent of the review must be sufficient to enable the Appointed Actuary to defend any conclusion reached. Company experience shall:
 - i. Be segmented into policies with similar benefits, on individuals of each gender;
 - ii. Be experience-specific to the company;
 - iii. Include all relevant experience in the past three most recent years;
 - iv. Exclude experience that is not in the past six most recent years;
 - v. Otherwise be relevant, in accordance with the professional judgment of the Appointed Actuary; and
 - vi. Not be deemed irrelevant by the commissioner.
- 2. The commissioner may require a company to use its experience based upon the most recent review referenced in Section V.B.1 to establish its specific valuation tables if:
 - i. Actual mortality experience is reasonably expected to be greater than 90% of the 2005 GTLW Mortality Tables; or

- ii. Actual recovery experience is reasonably expected to be less than 125% of the 2005 GTLW Recovery Tables.

Under these circumstances, the commissioner may require a company to use the process set out in Section V.B.4 and establish for the company a minimum value for Z.

- 3. A company may use its experience exclusively without reference to the standard tabular mortality expected experience or to the standard tabular recovery expected experience to create its specific valuation tables if:
 - i. The Appointed Actuary can demonstrate and certify the following:
 - a) The company-specific valuation tables are based on company experience with allowances for graduation and margins for adverse experience;
 - b) The company-specific mortality valuation tables used for computing minimum reserves for group term life waiver of premium benefits are such that there is at least an 85% statistical confidence that the actual annual aggregate mortality will be less than the mortality in the company-specific-mortality valuation tables; and
 - c) The company-specific recovery valuation tables used for computing minimum reserves for group term life waiver of premium benefits are such that there is at least an 85% statistical confidence that the actual annual aggregate recoveries will be greater than the recoveries in the company-specific recovery valuation tables.
 - ii. The company has written permission from the domiciliary commissioner to use the company-specific valuation tables.
 - iii. Unless otherwise exempted or required, the specific valuation tables shall apply to the computation of minimum reserves for group term life waiver of premium disabled life benefits for claims incurred during or after the calendar year in which the study was performed.
 - iv. The company shall not use mortality and recovery tables with rates that produce reserves less than the reserves produced by using 75% of the 2005 GTLW Mortality Tables and 160% of the 2005 GTLW Recovery Tables for all durations of disability combined.
- 4. If not invoking Section V.B.3, a company may use a credibility-weighted combination of company mortality experience with the 2005 GTLW Mortality Tables and/or of company recovery experience with the 2005 GTLW Recovery Tables to create its specific valuation tables.
 - i. The blended tables for each gender and type of experience (mortality and recovery) shall be computed using the formula $\text{Blended Table} = T \times S$, where:
 - a) Z shall be a credibility weighting factor, between 0 and 1, developed by the Appointed Actuary using credibility theory methods not unacceptable to the commissioner;
 - b) F shall be the ratio of the company's actual experience to the expected experience for the 2005 GTLW Mortality and Recovery Tables for each gender and type of experience (mortality and recovery);

- c) M shall be 1.12 for mortality tables and 0.80 for recovery tables. The values provide a smooth transition between the 2005 tables and company experience when $Z = 1$;
- d) S shall be the 2005 GTLW Mortality and Recovery Tables; and
- e) T shall be computed using the following steps:
 - Step 1: Compute the raw value of $T = [Z \times (F \times M) + (1 - Z)]$.
 - Step 2: Round T to the nearest 5%.
 - Step 3: If the absolute difference between the T produced in step 2 and the value of T utilized immediately prior to the study is less than 10%, then set T equal to the value of T utilized immediately prior to the study.
 - Step 4: For all durations of disability, combined for each gender, set the value of T to the greater of 75% and the T resulting from step 3 for mortality and set the value of T to the lesser of 160% and the T resulting from step 3 for recovery.
- ii. The company has written permission from the domiciliary commissioner to use the blended valuation tables.
- iii. Unless otherwise exempted or required, the specific valuation tables shall apply to the computation of minimum reserves for group term life waiver of premium disabled life benefits for claims incurred during or after the calendar year in which the study was performed.

VI. Text - Group Term Life Certificates on Individuals Who Become Disabled on or After January 1, 2023.

<<< BEGINNING OF GLW-ADAPTED GLTD AG 47 SECTION >>>

- A. When the insurer follows the instructions provided in this guideline, the selected claim mortality rates and recovery automatically meet the minimum standard for computing reserves as established by Section 4.G of the Standard Valuation Law.

B. Valuation Table Modifications for Company Experience

If not invoking the small company exception specified in Section VI.D, a company must use a credibility-weighted combination of its own claim mortality experience and claim recovery experience with the 2023 GTLW Mortality and Recovery Valuation Tables to create its specific valuation table.

- i. For claim durations within the elimination period, mortality rates and recovery rates may be developed as below consistent with other Duration Groups or in any other manner deemed appropriate by the actuary. With respect to credibility, any value between 0 and 1 that the actuary deems appropriate for the block may be used.
- ii. For claim durations beyond the elimination period, the valuation mortality rates and recovery rates shall be computed using the mortality rates from the 2023 GTLW Mortality Valuation Table (S_M) and recovery rates from the 2023 GTLW Recovery Valuation Table (S_R) multiplied by mortality experience adjustment factors (T_M) and recovery experience adjustment factors (T_R) that are calculated separately for three different duration groups for mortality and separately for three different duration groups for recovery.

$$\text{Valuation Mortality Rate} = T_M \times S_M$$

$$\text{Valuation Recovery Rate} = T_R \times S_R$$

The duration groups are defined as follows:

Group 1: duration > the satisfaction of the elimination period and duration <= 24 months

Group 2 duration > 24 months and duration <= 60 months

Group 3: duration > 60 months

- a) S_M and S_R shall be the mortality rates and recovery rates respectively from the 2023 GTLW Mortality and Recovery Valuation Tables.
- b) T_M shall be computed as $T_M = [Z_M \times F_M + (1 - Z_M)] \times (1 + M_M)$ and T_R shall be computed as $T_R = [Z_R \times F_R + (1 - Z_R)] \times (1 - M_R)$

where

- 1) Z_M shall be a mortality credibility weighting factor, between 0 and 1, developed for each duration group according to the following specifications:

Group 1-3: $Z_M = \text{Min} \left(\sqrt{N_M / K_M}, 1 \right)$ where N_M is the number of expected death counts determined by using claim mortality rates from the 2023 GTLW Mortality Valuation Table, and

- 2) K_M is a set of constants defined by duration group as follows for mortality:

Group 1: $K_M = 800$
Group 2: $K_M = 800$

Group 3: $K_M = 800$

- 3) Z_R shall be a recovery credibility weighting factor, between 0 and 1, developed for each duration group according to the following specifications:

Group 1-3: $Z_R = \text{Min} \left(\sqrt{N_R / K_R}, 1 \right)$ where N_R is the number of expected recovery counts determined by using claim recovery rates from the 2023 GTLW Recovery Valuation Table, and

- 4) K_R is a set of constants defined by duration group as follows for recoveries:

Group 1: $K_R = 1,700$ Group 3: $K_R = 1,700$
Group 2: $K_R = 1,700$

- 5) F_M shall be the ratio of the company's actual death counts to the expected death counts in the 2023 GTLW Mortality Valuation Table for each duration group specified above and F_R shall be the ratio of the company's actual recovery counts to the expected recovery counts in the 2023 GTLW Recovery Valuation Table for each duration group specified above.

If the actuary has reserve adequacy or other significant analysis that demonstrates in the development and use of company-specific experience (see Section VI.C below) that an alternative measurement is deemed appropriate, such as:

- I. Use of some other weighting of claims (for example, death benefit amount) that is not only appropriate for measuring actual to expected (A to E), but also is expected to generally produce reserves not less than those produced by using a claim count measurement.
- II. Use of an increased mortality credibility factor Z_M if F_M is greater than 1 and / or use of an increased recovery credibility factor Z_R if F_R is less than 1 to give unfavorable company experience more weight.

Then, a basis other than claim count may be used.

- 6) M_M and M_R are the company experience margins for mortality and recovery respectively, determined for each duration group, according to the following formulas:

$$M_M = \text{Min} \left(15\%, \text{Max} \left(5\%, 3\% + 1.65 * \sqrt{A_M / C_M} \right) \right)$$

$$M_R = \text{Min} \left(15\%, \text{Max} \left(5\%, 3\% + 1.65 * \sqrt{A_R / C_R} \right) \right)$$

where A_M is a set of constants defined by duration group as follows for mortality:

Group 1: $A_M = 1.0$ Group 3: $A_M = 1.0$
Group 2: $A_M = 1.0$

and A_R is a set of constants defined by duration group as follows for recoveries:

Group 1: $A_R = 2.0$ Group 3: $A_R = 2.0$
Group 2: $A_R = 2.0$

and C_M shall be the company's actual number of death counts by duration group.

and C_R shall be the company's actual number of recovery counts by duration group.

These are the minimum values for the definition of M_M and M_R prior to any reserve adequacy analysis. Adequacy tests and analysis of experience (for example, sharpness of fluctuations, trends over the period of the mortality rate study or recovery rate study, changing claims practices) may indicate that larger values of M_M or M_R may be more appropriate. If so, such values are deemed appropriate.

- iii. The company shall not use mortality rates that are less than those produced by computing T_M as $T_M = 0.75$.

C. Company-Specific Experience - Own Experience Measurement

In computing values F_M , F_R , T_M , and T_R to comply with section VI.B above, the Appointed Actuary may consider the following:

- i. Segment the company claim mortality experience and claim recovery experience into any major subgroups that may produce significantly different results (for example, market niches, claims operations, and unique benefit designs).
- ii. Combine affiliated statutory entities and assumed reinsurance, where claim management is under a common structure, when considering company experience. It is also appropriate to evaluate experience separately when specific blocks of company business have distinct claim management practices or significantly different risk characteristics.
- iii. Include all relevant experience the company is capable of providing for as many of the last five years as possible (not including the lag period described below). However, there are two situations where using other than a five-year period may be more appropriate. The first is when a company's experience in a longer period not only increases credibility but is still relevant and appropriate for the company's products and claim management practices. In this case, the period to be used is not to exceed ten years. The second is for a company that has had significant changes in product and/or claim management practices within the past five years that has diminished the relevance of the company's experience early in the five year period. In this second situation, less than five years of experience may be used for any duration band for which there is compelling logic and when either the company's experience to be used is at least 90% credible, or the shorter experience period produces higher reserves than using five years.
- iv. Recognize a suitable lag period to allow for a full resolution of claim status. For example, the lag period used in the 2019 Group Term Life Waiver Experience Study performed by the Society of Actuaries was 12 months. However, the Appointed Actuary may use a different lag period based on his or her company experience. For example, company experience indicates that all changes after the selected lag period are negligible.
- v. Measure actual (A) to expected (E) deaths and A to E recoveries based on claim count (unless another weighting is deemed more appropriate, as mentioned in Section VI.B(ii)(b)(5)), where the E is based on expected deaths and recoveries, respectively, from the 2023 GTLW Mortality Valuation Table and the 2023 GTLW Recovery Valuation Table. Claim count is also used in the measurement of credibility.
- vi. Recognize where appropriate any flexibility built into the 2023 GTLW Mortality and Recovery Valuation Tables, such as not utilizing diagnosis-specific mortality rates and recovery rates when the information is deemed unreliable.
- vii. Do not count as deaths or recoveries those claims that are closed due to settlement, or that have reached the end of the maximum benefit duration, or that are closed due to any other contractual limit.

- viii. Use experience that is otherwise relevant in accordance with the professional judgment of the Appointed Actuary.

In the above paragraphs, the term “company” refers to a single company or a group of legally related companies subject to the same claim management.

D. Own Experience Measurement Exemption

Determine the number of claims that, according to the provisions of this Guideline, are subject to valuation using the 2023 GTLW Mortality and Recovery Valuation Tables. If, at the time of valuation, a company has fewer than 50 such open claims disabled within two years of the effective date of the valuation, and fewer than 200 such open claims disabled more than two years prior to the effective date of the valuation, the company is exempt from the requirement that the 2023 GTLW Mortality and Recovery Valuation Tables be modified by the company’s own experience. Said company will use, based on the maximum values of M_M and M_R for any duration group according to Section VI(B)(ii)(b)(6) above, 115% of the 2023 GTLW Mortality Valuation Table for all duration groups to calculate claim mortality rates and 85% of the 2023 GTLW Recovery Valuation Table for all duration groups to calculate claim recovery rates in order to comply with the minimum valuation standard.

<<< END OF GLW-ADAPTED GLTD AG 47 SECTION >>>

[ATTACHMENT A = 2005 GTLW Mortality Rates, Select Period]
[ATTACHMENT B = 2005 GTLW Mortality Rates, Ultimate Period]
[ATTACHMENT C = 2005 GTLW Recovery Rates, Select Period]
[ATTACHMENT D = 2005 GTLW Recovery Rates, Ultimate Period]
[ATTACHMENT E = 2023 GTLW Mortality Rates, Select Period]
[ATTACHMENT F = 2023 GTLW Mortality Rates, Ultimate Period]
[ATTACHMENT G = 2023 GTLW Recovery Rates, Select Period]
[ATTACHMENT H = 2023 GTLW Recovery Rates, Ultimate Period]

This workbook contains the proposed 2022 group life waiver tables and adjustment factors.

This workbook was developed by the Group Life Waiver of Premium (Waiver) Valuation Table Work Group (Work Group) of the American Academy of Actuaries (Academy) and the Society of Actuaries Research Institute (SOARI). It contains the proposed tables, as well as the current tables (2005 Tables). It supplements the information provided regarding an update to Actuarial Guideline XLIV (AG 44). Waiver tables are on a select and ultimate basis. There are separate sets of rates for mortality and recovery.

The select period is through claim duration 10 years. The select tables are based on age at disability and duration of The ultimate tables, which are for all claims in duration year 11 and beyond, are on an attained age basis only. Diagnosis adjustment factors have also been developed for select and ultimate tables.

2022 Table Select contains the select mortality / recovery rates for males and females. It also contains the diagnosis adjustment factors for mortality / recovery, as well as commentary on adjustments made by the Work

2022 Table Ultimate contains the same information for the ultimate period.

2005 Table Select and *2005 Table Ultimate* contain the 2005 tables.

July 2022

2022 TABLE MALES

PROBABILITY OF DEATH (1,000Q[X]+T) - SELECT PERIOD

Central Age =>	17	22	27	32	37	42	47	52	57	62	67	72
1 (3rd qtr.)	11	13	13	15	18	20	23	26	30	32	29	27
1 (4th qtr.)	14	17	17	19	22	26	29	34	39	41	37	34
2 (1st qtr.)	13	16	16	18	21	24	27	31	36	38	35	32
2 (2nd qtr.)	12	13	14	16	18	21	24	27	31	33	30	26
2 (3rd qtr.)	11	12	12	14	16	18	21	24	27	29	28	24
2 (4th qtr.)	10	10	10	12	14	16	18	21	24	25	25	22
3	29	33	32	37	42	48	56	64	73	81	81	81
4	13	19	23	27	31	35	41	47	54	60	61	65
5	8	11	21	24	28	32	37	42	48	53	55	58
6	7	11	20	23	26	30	35	40	46	51	56	59
7	8	12	19	22	26	30	34	39	45	49	63	70
8	10	16	19	22	25	29	33	38	45	50	68	75
9	11	17	19	22	25	29	33	38	46	51	68	75
10	13	19	19	22	25	29	33	38	47	52	70	81

MALES

PROBABILITY OF RECOVERY (1,000Q[X]+T) - SELECT PERIOD

Central Age => Year of Dis.	17	22	27	32	37	42	47	52	57	62	67	72
1 (3rd qtr.)	167	167	137	112	92	75	62	51	42	36	27	22
1 (4th qtr.)	165	165	136	111	91	75	61	50	41	36	27	22
2 (1st qtr.)	141	141	117	96	78	64	53	43	35	31	27	19
2 (2nd qtr.)	126	126	102	84	69	56	46	38	31	27	23	19
2 (3rd qtr.)	113	113	92	76	62	51	42	34	28	24	20	16
2 (4th qtr.)	102	102	86	70	58	47	39	32	26	23	18	14
3	434	434	353	290	244	187	143	115	90	73	54	50
4	259	259	195	163	130	99	77	59	45	36	23	20
5	189	189	139	114	86	66	52	38	29	23	16	14
6	136	136	116	87	65	49	38	28	21	16	11	10
7	107	107	97	71	52	40	31	23	17	13	8	6
8	92	92	83	61	45	34	26	19	14	11	5	4
9	78	78	74	54	40	30	22	16	12	9	4	2
10	74	74	68	49	37	27	20	15	11	8	4	0

Rates for both recovery and mortality for ages 17 and 22 were extended using the same slope from ages 27/22/17 as the 2005 table, on a gender specific basis

Rates for both recovery and mortality for ages 67 and 72 were extended using the same slope from ages 62/67/72 as the 2005 table, on a gender specific basis

FEMALES

PROBABILITY OF DEATH (1,000Q[X]+T) - SELECT PERIOD

Central Age => Year of Dis.	17	22	27	32	37	42	47	52	57	62	67	72
1 (3rd qtr.)	6	7	9	11	13	16	19	22	26	27	26	24
1 (4th qtr.)	7	9	12	14	17	20	24	28	33	35	33	31
2 (1st qtr.)	7	8	11	13	16	19	22	27	32	33	31	29
2 (2nd qtr.)	6	8	10	12	14	17	20	24	28	29	26	23
2 (3rd qtr.)	6	7	9	10	12	15	17	21	25	26	25	22
2 (4th qtr.)	5	6	8	9	11	13	16	18	22	23	23	20
3	18	21	28	29	34	41	48	57	67	76	76	76
4	12	19	24	25	26	31	37	44	51	58	66	69
5	12	16	19	20	21	25	30	35	41	47	53	56
6	7	13	17	18	19	22	26	31	36	41	45	47
7	9	15	16	17	17	21	25	29	36	39	48	50
8	10	14	15	16	17	20	24	28	35	40	51	53
9	10	14	15	16	17	20	24	28	36	41	55	57
10	9	12	14	15	17	20	24	28	36	43	60	63

FEMALES

PROBABILITY OF RECOVERY (1,000Q[X]+T) - SELECT PERIOD

Central Age => Year of Dis.	17	22	27	32	37	42	47	52	57	62	67	72
1 (3rd qtr.)	244	244	200	168	105	88	73	61	51	44	34	27
1 (4th qtr.)	184	184	151	126	105	87	73	61	51	44	34	27
2 (1st qtr.)	152	152	127	106	88	73	61	51	43	37	31	26
2 (2nd qtr.)	133	133	109	91	76	63	52	44	36	32	26	20
2 (3rd qtr.)	116	116	97	81	67	56	47	39	32	28	22	19
2 (4th qtr.)	107	107	89	74	62	51	43	36	30	26	22	17
3	430	430	350	295	276	214	174	135	106	86	67	59
4	286	286	215	187	152	117	94	70	54	42	26	21
5	201	201	147	126	100	76	60	45	33	25	19	16
6	144	144	122	93	73	55	42	32	23	17	12	9
7	114	114	102	75	57	43	32	24	17	13	9	7
8	96	96	87	64	47	36	26	19	14	11	6	4
9	82	82	77	55	41	30	22	16	12	9	4	1
10	76	76	69	50	36	27	20	14	10	8	5	0

Rates for both recovery and mortality for ages 17 and 22 were extended using the same slope from ages 27/22/17 as the 2005 Table, on a gender-specific basis

Rates for both recovery and mortality for ages 67 and 72 were extended using the same slope from ages 62/67/72 as the 2005 table, on a gender-specific basis

Death Diagnosis Adjustment				
Duration	Adjusted & Finalized			
	Unclassified	Low Non-Cancer	High Non-Cancer	Cancer
Q3	1.00	0.20	0.50	3.65
Q4	1.00	0.20	0.50	3.95
Q5	1.00	0.20	0.60	4.20
Q6	1.00	0.25	0.60	4.50
Q7	1.00	0.30	0.65	4.70
Q8	1.00	0.35	0.75	4.73
3	1.00	0.40	0.90	4.75
4	1.00	0.50	1.25	4.60
5	1.00	0.60	1.35	4.00
6	1.00	0.65	1.45	3.60
7	1.00	0.70	1.55	3.05
8	1.00	0.70	1.65	2.65
9	1.00	0.75	1.60	2.30
10	1.00	0.75	1.57	2.15

Diagnosis factors were adjusted from those originally regressed by Jerry Holman to smooth transition points between duration groups. This applied to both Mortality and Recovery Adjustments

Recovery Diagnosis Adjustment				
Duration	Adjusted & Finalized			
	Unclassified	Low	Mid	High
Q3	1.00	0.55	1.15	1.40
Q4	1.00	0.55	1.15	1.40
Q5	1.00	0.60	1.15	1.40
Q6	1.00	0.65	1.15	1.35
Q7	1.00	0.65	1.15	1.35
Q8	1.00	0.65	1.15	1.38
3	1.00	0.65	1.15	1.40
4	1.00	0.68	1.13	1.48
5	1.00	0.70	1.10	1.55
6	1.00	0.70	1.15	1.45
7	1.00	0.70	1.20	1.35
8	1.00	0.70	1.20	1.35
9	1.00	0.70	1.20	1.35
10	1.00	0.70	1.20	1.25

Death Diagnosis Adjustment				
Duration	Jerry Holman			
	Unclassified	Low Non-Cancer	High Non-Cancer	Cancer
Q3	1.00	0.20	0.50	3.65
Q4	1.00	0.20	0.50	3.95
Q5	1.00	0.20	0.60	4.20
Q6	1.00	0.25	0.60	4.50
Q7	1.00	0.30	0.70	4.70
Q8	1.00	0.30	0.80	4.90
3	1.00	0.40	0.95	4.75
4	1.00	0.50	1.25	4.60
5	1.00	0.60	1.35	4.00
6	1.00	0.65	1.45	3.60
7	1.00	0.70	1.55	3.05
8	1.00	0.70	1.65	2.65
9	1.00	0.75	1.60	2.30
10	1.00	0.75	1.65	2.15

Recovery Diagnosis Adjustment				
Duration	Jerry Holman			
	Unclassified	Low	Mid	High
Q3	1.00	0.55	1.05	1.60
Q4	1.00	0.55	1.15	1.35
Q5	1.00	0.60	1.15	1.40
Q6	1.00	0.65	1.15	1.35
Q7	1.00	0.65	1.15	1.35
Q8	1.00	0.75	1.10	1.30
3	1.00	0.65	1.15	1.40
4	1.00	0.60	1.10	1.65
5	1.00	0.70	1.10	1.55
6	1.00	0.70	1.15	1.45
7	1.00	0.70	1.25	1.35
8	1.00	0.75	1.15	1.35
9	1.00	0.70	1.25	1.35
10	1.00	0.70	1.10	1.25

Death Diagnosis Adjustment				
Duration	Comparison			
	Unclassified	Low Non-Cancer	High Non-Cancer	Cancer
Q3	100%	100%	100%	100%
Q4	100%	100%	100%	100%
Q5	100%	100%	100%	100%
Q6	100%	100%	100%	100%
Q7	100%	100%	93%	100%
Q8	100%	117%	94%	96%
3	100%	100%	95%	100%
4	100%	100%	100%	100%
5	100%	100%	100%	100%
6	100%	100%	100%	100%
7	100%	100%	100%	100%
8	100%	100%	100%	100%
9	100%	100%	100%	100%
10	100%	100%	95%	100%

Recovery Diagnosis Adjustment				
Duration	Comparison			
	Unclassified	Low	Mid	High
Q3	100%	100%	110%	88%
Q4	100%	100%	100%	104%
Q5	100%	100%	100%	100%
Q6	100%	100%	100%	100%
Q7	100%	100%	100%	100%
Q8	100%	87%	105%	106%
3	100%	100%	100%	100%
4	100%	113%	102%	89%
5	100%	100%	100%	100%
6	100%	100%	100%	100%
7	100%	100%	96%	100%
8	100%	93%	104%	100%
9	100%	100%	96%	100%
10	100%	100%	109%	100%

2022 Table

Graduated Rates(1,000Q[X]), No Margin
Ultimate Period (Durations 11 years and beyond)

Attained Age	Male		Female	
	Recovery	Death	Recovery	Death
27	71	16	73	11
28	70	16	72	11
29	70	16	71	11
30	69	18	70	12
31	68	18	69	12
32	68	18	69	12
33	67	18	68	12
34	66	18	67	12
35	66	19	66	13
36	65	19	65	13
37	64	19	64	13
38	60	20	60	14
39	56	20	55	14
40	53	21	51	14
41	49	21	48	15
42	46	22	44	15
43	43	22	41	16
44	41	23	39	16
45	38	24	36	17
46	35	24	33	17
47	33	25	30	18
48	30	26	28	18
49	29	26	27	19
50	27	27	26	20
51	26	28	24	20
52	24	29	23	21
53	23	29	22	22
54	22	30	21	22
55	20	31	20	23
56	19	32	19	24
57	18	33	18	24
58	17	34	17	25

Mortality rates for attained ages prior to 45 were extended back to attained age 27 using judgment, holding to monotonically decreasing slope, and to create a reasonable transition from the select period rates

Recovery rates for attained ages prior to age 45 were extended back to age 27 using a monotonically increasing slope, and to create a reasonable transition from the select period rates

Decrement rates for ages 45-70 were taken directly from Jerry Holman's Regressions/graduations

2015 VBT Unismoke Tables		
Attained Age	Male	Female
27	0.86	0.35
28	0.84	0.36
29	0.84	0.38
30	0.86	0.41
31	0.90	0.44
32	0.97	0.48
33	1.05	0.52
34	1.13	0.57
35	1.23	0.64
36	1.33	0.72
37	1.44	0.80
38	1.55	0.87
39	1.67	0.93
40	1.81	0.98
41	1.93	1.02
42	2.02	1.06
43	2.07	1.10
44	2.13	1.14
45	2.19	1.21
46	2.25	1.31
47	2.30	1.41
48	2.36	1.52
49	2.45	1.64
50	2.57	1.78
51	2.72	1.94
52	2.90	2.11
53	3.10	2.30
54	3.34	2.51
55	3.62	2.74
56	3.93	3.00
57	4.29	3.30
58	4.71	3.63

59	16	35	16	26
60	15	37	14	27
61	14	39	13	27
62	13	40	13	28
63	12	42	12	30
64	11	44	11	31
65	10	45	10	33
66	10	47	9	35
67	9	48	8	36
68	8	49	8	38
69	8	50	7	39
70	7	51	6	40
71	6	53	6	42
72	6	55	5	44
73	5	58	4	47
74	4	61	3	50
75	4	64	3	53
76	3	68	2	57
77	2	72	2	61
78	2	76	1	65
79	1	80	1	69
80	1	85	0	74
81	0	92	0	81
82	0	97	0	85
83	0	103	0	90
84	0	109	0	95
85	0	117	0	101
86	0	126	0	108
87	0	136	0	116
88	0	147	0	124
89	0	159	0	134
90	0	172	0	144
91	0	185	0	155
92	0	199	0	166
93	0	212	0	178
94	0	225	0	191
95	0	236	0	204
96	0	248	0	218
97	0	263	0	235
98	0	279	0	254

From Age 71 to 99, Mortality Rates were graduated to transition from the Jerry Holman rate at age 70 to 100% of the 2015 VBt table at age 100. This was done as the committee views that disabled mortality and the total mortality represented in the 2015 VBT table will converge by age 100.

Recovery rates were graduated down to 0 by age 80 from the Jerry Holman rates at age 70.

59	5.19	4.01
60	5.75	4.43
61	6.38	4.92
62	7.09	5.46
63	7.89	6.08
64	8.75	6.76
65	9.67	7.53
66	10.65	8.37
67	11.69	9.31
68	12.85	10.35
69	14.18	11.49
70	15.74	12.74
71	17.56	14.10
72	19.69	15.59
73	22.11	17.25
74	24.79	19.11
75	27.71	21.21
76	30.85	23.60
77	34.26	26.30
78	38.02	29.34
79	42.27	32.78
80	47.14	36.77
81	52.61	41.41
82	58.97	46.66
83	66.47	52.66
84	75.06	59.53
85	84.93	67.38
86	96.15	76.12
87	108.69	85.66
88	122.34	96.11
89	136.76	107.46
90	151.63	119.54
91	166.51	132.30
92	181.13	145.88
93	195.09	159.87
94	207.76	174.25
95	221.27	190.71
96	237.50	209.82
97	255.11	230.48
98	274.22	252.51

99	0	296	0	273	Mortality rates for attained ages 100-120 were set equal to the 2015 VBT unismoke tables. See columns H-J for reference of those rates
100	0	316	0	299	
101	0	337	0	323	
102	0	359	0	347	
103	0	380	0	370	
104	0	400	0	393	
105	0	420	0	414	
106	0	438	0	434	
107	0	455	0	452	
108	0	470	0	468	
109	0	482	0	481	
110	0	491	0	491	
111	0	497	0	497	
112	0	500	0	500	
113	0	500	0	500	
114	0	500	0	500	
115	0	500	0	500	
116	0	500	0	500	
117	0	500	0	500	
118	0	500	0	500	
119	0	500	0	500	
120	0	500	0	500	
121	0	1,000	0	1,000	All lives assumed to terminate by age 121

99	294.48	275.55
100	315.52	299.21
101	336.99	323.14
102	358.54	346.98
103	379.81	370.36
104	400.44	392.92
105	420.09	414.30
106	438.40	434.13
107	455.01	452.05
108	469.56	467.69
109	481.70	480.68
110	491.07	490.65
111	497.31	497.23
112	500	500
113	500	500
114	500	500
115	500	500
116	500	500
117	500	500
118	500	500
119	500	500
120	500	500

Attained Age	Recovery Diagnosis Group Adjustments			
	Other	Low	Medium	High
0-44	100%	70%	125%	110%
45-49	100%	70%	125%	105%
50-54	100%	75%	130%	110%
55-59	100%	75%	125%	120%
60-64	100%	77%	120%	105%
65+	100%	80%	120%	120%

As recovery rates are relatively small (compared to mortality) for ages 65, and reach a terminus value of 0 at age 80, no graduating of adjustments for diagnosis groups was deemed material or necessary for ages 65+

Attained Age	Death Diagnosis Group Adjustments			
	Other	Low	Medium	High
0-44	100%	75%	170%	200%
45-59	100%	85%	160%	200%
60-64	100%	80%	155%	200%
65-69	100%	75%	155%	200%
70	100%	75%	155%	200%
71	100%	76%	153%	197%
72	100%	77%	151%	193%
73	100%	78%	150%	190%
74	100%	78%	148%	187%
75	100%	79%	146%	183%
76	100%	80%	144%	180%
77	100%	81%	142%	177%
78	100%	82%	140%	173%
79	100%	83%	139%	170%
80	100%	83%	137%	167%
81	100%	84%	135%	163%
82	100%	85%	133%	160%
83	100%	86%	131%	157%
84	100%	87%	129%	153%
85	100%	88%	128%	150%
86	100%	88%	126%	147%
87	100%	89%	124%	143%
88	100%	90%	122%	140%
89	100%	91%	120%	137%
90	100%	92%	118%	133%
91	100%	92%	117%	130%
92	100%	93%	115%	127%
93	100%	94%	113%	123%
94	100%	95%	111%	120%
95	100%	96%	109%	117%
96	100%	97%	107%	113%
97	100%	97%	106%	110%
98	100%	98%	104%	107%
99	100%	99%	102%	103%
100+	100%	100%	100%	100%

Diagnosis Adjustments more death rates were assumed to ultimately disappear by age 100, and are so graduated to 100% by attained age 100, indicating no mortality differences by diagnosis grouping for ages 100+

2005 TABLE

MALES

PROBABILITY OF DEATH (1,000Q[X]+T) - SELECT PERIOD

Central Age =>	17	22	27	32	37	42	47	52	57	62	67	72
1 (4th qtr.)	17	20	20	23	28	28	28	30	31	37	34	31
2 (1st qtr.)	21	23	24	29	30	30	30	30	30	30	27	24
2 (2nd qtr.)	22	24	24	30	28	28	27	27	27	27	26	23
2 (3rd qtr.)	25	27	27	27	21	21	22	22	23	23	23	20
2 (4th qtr.)	27	31	30	26	18	18	18	18	17	17	17	17
3	30	45	55	56	57	58	59	60	65	67	69	73
4	18	26	48	48	49	50	50	50	55	57	59	62
5	12	18	33	39	40	41	42	42	45	47	52	55
6	12	18	30	33	34	35	36	37	42	43	55	61
7	12	18	22	25	26	27	28	30	39	42	57	63
8	12	18	20	23	25	26	27	29	44	46	62	68
9	12	18	18	19	23	25	27	32	45	48	65	75
10	12	18	15	17	19	22	27	34	45	50	70	81

MALES

PROBABILITY OF RECOVERY (1,000Q[X]+T) - SELECT PERIOD

Central Age =>	17	22	27	32	37	42	47	52	57	62	67	72
Year of Dis.												
1 (4th qtr.)	61	61	50	41	39	30	23	15	12	8	6	5
2 (1st qtr.)	58	58	48	40	36	25	21	13	11	8	7	5
2 (2nd qtr.)	53	53	43	35	34	24	19	12	10	7	6	5
2 (3rd qtr.)	49	49	40	33	32	23	15	11	9	6	5	4
2 (4th qtr.)	43	43	36	30	29	22	13	10	7	5	4	3
3	171	171	139	113	83	71	58	36	23	16	12	11
4	154	154	116	87	67	55	40	27	17	14	9	8
5	125	125	92	67	56	45	27	21	13	11	8	7
6	76	76	65	55	48	37	21	14	10	10	7	6
7	60	60	54	48	43	32	17	12	8	8	5	4
8	53	53	48	43	36	25	16	10	8	6	3	2
9	43	43	41	38	31	21	13	8	7	5	2	1
10	38	38	35	32	23	17	10	7	6	4	2	0

FEMALES

PROBABILITY OF DEATH (1,000Q[X]+T) - SELECT PERIOD

Central Age =>	17	22	27	32	37	42	47	52	57	62	67	72
Year of Dis.												
1 (4th qtr.)	10	12	16	17	18	21	25	27	29	32	30	28
2 (1st qtr.)	9	11	14	16	16	19	24	26	27	29	26	23
2 (2nd qtr.)	9	11	14	16	16	17	23	25	25	26	25	22
2 (3rd qtr.)	8	10	13	15	15	17	20	21	22	22	22	19
2 (4th qtr.)	8	9	12	13	13	14	16	17	16	16	16	16
3	15	23	29	30	32	35	42	52	53	54	61	64
4	12	17	20	21	23	25	32	39	44	45	51	54
5	8	15	19	20	21	23	25	30	36	41	45	47
6	8	13	14	14	16	19	24	28	36	39	48	50
7	8	11	12	13	14	19	24	28	35	40	51	53
8	8	11	12	13	14	18	23	27	35	41	55	57
9	8	10	12	13	14	16	23	27	33	42	59	62
10	8	9	11	12	14	16	23	27	32	42	63	67

FEMALES

PROBABILITY OF RECOVERY (1,000Q[X]+T) - SELECT PERIOD

Central Age =>	17	22	27	32	37	42	47	52	57	62	67	72
Year of Dis.												
1 (4th qtr.)	94	94	77	63	44	38	26	25	20	13	10	8
2 (1st qtr.)	71	71	59	49	41	34	25	23	18	13	11	9
2 (2nd qtr.)	59	59	48	39	38	30	22	21	15	11	9	7
2 (3rd qtr.)	53	53	44	36	35	26	18	17	12	9	7	6
2 (4th qtr.)	46	46	38	32	31	23	14	13	9	6	5	4
3	199	199	162	132	108	91	65	49	31	22	17	15
4	193	193	145	109	85	68	45	35	21	18	11	9
5	164	164	120	88	67	53	33	23	18	16	12	10
6	101	101	86	73	55	41	27	17	15	15	10	8
7	75	75	67	60	47	34	25	14	12	12	8	6
8	62	62	56	50	40	28	23	13	11	9	5	3
9	49	49	46	43	35	24	19	11	9	7	3	1
10	42	42	38	35	29	18	11	8	8	5	3	0

2005 Table

**Graduated Rates(1,000Q[X]), No Margin
Ultimate Period (Durations 11 years and beyond)**

Attained Age	Male		Female	
	Recovery	Death	Recovery	Death
27	25	10	25	8
28	25	10	25	8
29	25	10	25	8
30	25	11	25	9
31	25	11	25	9
32	25	11	25	9
33	25	11	26	9
34	25	11	27	9
35	25	12	29	10
36	25	12	31	10
37	25	12	33	10
38	24	12	32	10
39	23	13	31	11
40	23	14	30	11
41	22	15	28	12
42	22	15	27	12
43	21	15	27	12
44	20	16	27	13
45	19	16	26	14
46	18	17	26	14
47	17	17	26	15
48	17	18	24	15
49	17	19	22	15
50	16	20	20	16
51	16	21	18	16
52	16	22	17	16
53	15	24	16	18
54	14	25	15	19
55	12	26	14	20
56	11	28	12	22
57	10	29	11	23
58	9	31	10	24
59	8	33	10	25

60	7	34	9	25
61	6	35	9	26
62	5	37	8	27
63	5	39	8	28
64	5	40	8	30
65	5	42	7	31
66	5	44	7	32
67	5	45	7	32
68	4	47	6	34
69	3	48	4	36
70	3	51	3	38
71	2	52	2	40
72	1	53	1	42
73	1	58	1	46
74	1	62	1	50
75	1	66	1	54
76	1	70	1	59
77	1	74	1	63
78	1	76	1	64
79	1	79	1	65
80	0	80	0	66
81	0	83	0	67
82	0	86	0	67
83	0	91	0	71
84	0	97	0	75
85	0	103	0	79
86	0	109	0	84
87	0	115	0	89
88	0	122	0	94
89	0	129	0	99
90	0	137	0	105
91	0	146	0	112
92	0	156	0	120
93	0	168	0	129
94	0	182	0	140
95	0	199	0	153
96	0	224	0	172
97	0	268	0	206
98	0	359	0	276
99	0	999.9	0	999.9

PROJECT HISTORY

ACTUARIAL GUIDELINE 44

GROUP TERM LIFE WAIVER OF PREMIUM DISABLED LIFE RESERVES

1. Description of the Project, Issues Addressed, etc.

The *Health Insurance Reserves Model Regulation* (#10) and the NAIC *Valuation Manual* (VM-25, Health Insurance Reserves Minimum Reserve Requirements) contain requirements for the calculation of waiver of premium due to disability reserves on group life insurance policies. The current version of *Actuarial Guideline XLIV—Group Term Life Waiver of Premium Disabled Life Reserves* (AG 44) prescribes the use of the 2005 Group Term Life Waiver Mortality and Recovery Tables. The American Academy of Actuaries (Academy) and Society of Actuaries Research Institute (SOARI) Group Life Waiver of Premium Valuation Table (GLWPVT) Work Group proposed new 2022 Group Term Life Waiver Mortality and Recovery Tables (2022 Tables) that were developed using more recent experience data. The use of the 2022 Tables, as adopted by the Health Actuarial (B) Task Force on Sept. 28, 2022, required modifications to AG 44 to accommodate their application.

2. Name of Group Responsible for Drafting the Model and States Participating

The Health Actuarial (B) Task Force, comprising state insurance regulator representatives from Alabama, California, Colorado, Connecticut, District of Columbia, Idaho, Indiana, Iowa, Kansas, Maine, Maryland, Michigan, Minnesota, Missouri, Nebraska, Northern Marina Islands, Nebraska, New Jersey, New Mexico, Ohio, Oklahoma, Pennsylvania, South Carolina, Texas, Virginia, Washington, and West Virginia oversaw the drafting of the proposed changes to the actuarial guideline. The proposed changes were drafted by the Academy and SOARI GLWPVT Work Group.

3. Project Authorized by What Charge and Date First Given to the Group

The Health Actuarial (B) Task Force agreed to expose a draft of the proposed changes to the actuarial guideline at its May 16, 2022 meeting. The proposed changes were exposed for public comment on July 11, 2022, with a comment deadline of Aug. 11, 2022. Additional revisions were proposed at its Sept. 6 meeting, which were exposed for public comment until Sept. 22. The charge is in accordance with the Health Actuarial (B) Task Force charge to “Continue to develop health insurance reserving requirements (VM-25, Health Insurance Reserves Minimum Reserve Requirements) using a principle-based reserving (PBR) framework.”

4. A General Description of the Drafting Process (e.g., drafted by a subgroup, interested parties, the full group, etc). Include any parties outside the members that participated

The proposed changes were drafted by the Academy and SOARI GLWPVT Work Group. The draft actuarial guideline changes were first exposed on July 11, 2022, with a comment deadline of Aug. 11, 2022. Additional revisions were proposed at the Task Force’s Sept. 6 meeting, which were exposed for public comment until Sept. 22. and have received substantial vetting in conference calls. The Health Actuarial (B) Task Force adopted the final version of the guideline during its Sept. 28, 2022, conference call, as did the Health Insurance and Managed Care (B) Committee on its November 10, 2022, conference call.

5. A General Description of the Due Process (e.g., exposure periods, public hearings, or any other means by which widespread input from industry, consumers and legislators was solicited)

Please see 4.

6. A Discussion of the Significant Issues (items of some controversy raised during the due process and the group’s response)

Please see 5.

7. Any Other Important Information (e.g., amending an accreditation standard).

None.

Draft: 3/22/22

Adopted by Market Regulation and Consumer Affairs (D) Committee, Aug. 12, 2022

Adopted by Producer Licensing (D) Task Force, May 5, 2022

DRAFT FOR DISCUSSION
GUIDELINES FOR AMENDING THE UNIFORM LICENSING APPLICATIONS

The mission of the Producer Licensing (D) Task Force includes the development and implementation of uniform standards with a primary emphasis on encouraging the use of electronic technology. As part of this mission, the Task Force has appointed a Producer Licensing Uniformity (D) Working Group to “review and update, as needed, the NAIC’s uniform producer licensing applications and uniform appointment form.” In support of this mission and charge, the Producer Licensing (D) Task Force recognizes the importance of having stabile, streamlined, and consistent NAIC’s Uniform Producer Licensing Applications, which comply with the statutes and regulations of the NAIC Membership and encourage the use of electronic technology in the most efficient manner.

In support of this mission and the importance of maintaining stabile and consistent NAIC Uniform Licensing Applications, the Producer Licensing (D) Task Force will use the following guidelines for substantive changes to the NAIC’s Uniform Licensing Applications.

1. On a biennial basis, the Producer Licensing (D) Task Force will send an email communication by Dec. 1, to members of the Producer Licensing (D) Task Force, interested regulators, interested parties, and state producer licensing directors, asking for proposed changes to the NAIC Uniform Licensing Applications. The requested changes are to be submitted as a Word document using the NAIC Uniform Licensing Application Change Request form. The form should be completed in its entirety, attached to an email message, and directed and submitted to the NAIC staff providing primary support for the Producer Licensing (D) Task Force. All requests should be submitted by Feb. 1.
2. If the Producer Licensing (D) Task Force recommends further analysis of the request, the Task Force will assign the request to the Producer Licensing Uniformity (D) Working Group by the close of the NAIC Spring National Meeting. The Working Group will review the request using the following guiding questions:
 - a. Does the proposed change maintain the NAIC Membership’s mission of uniform licensing standards with a primary emphasis on encouraging the use of electronic technology?
 - b. Does the proposed change serve the regulatory purpose of strengthening consumer protection while maintaining an efficient licensing process for producer applicants? This should include documentation on why the existing Uniform Applications do not meet these objectives.
 - c. Does the proposed change comply with the statutes and regulations of the NAIC Membership and encourage the use of the NAIC’s Uniform Applications in all jurisdictions?
3. The initial comment period on exposure drafts issued by the Producer Licensing Uniformity (D) Working Group should be 30 calendar days. The Working Group may consider additional exposure periods of less than 30 days for revisions to the same draft.
4. Revisions to the NAIC’s Uniform Applications should be adopted by the Producer Licensing Uniformity (D) Working Group and the Producer Licensing (D) Task Force by the close of the NAIC Summer National Meeting.¹
5. If the Producer Licensing Uniformity (D) Working Group recommends a requested change not be pursued, the request will be updated with that decision and filed for future reference. A copy of the recommendation and decision will be provided to the requestor.
6. If the Producer Licensing Uniformity (D) Working Group recommends proceeding with a requested change, NAIC staff providing primary support for the Producer Licensing (D) Task Force will coordinate with NIPR and States, including back-office system support vendors, during the next 45 days, conduct an analysis culminating in the provision of a time

¹The dates and meetings set forth herein pertain only to the year in which the Producer Licensing (D) Task Force solicits proposed changes to the Uniform Licensing Applications as described in item 1.

and cost estimate for the Producer Licensing (D) Task Force's review and prioritization. Using staff analysis, the Producer Licensing (D) Task Force will identify an appropriate implementation date.

7. Revisions to the NAIC's Uniform Applications should be adopted by the Market Regulation and Consumer Affairs (D) Committee by Oct. 15, and the Executive Committee and Plenary by the conclusion of the NAIC Fall National Meeting.

NAIC Uniform Application Change Request

Date Submitted: _____

Name: _____

State: _____

E-Mail: _____

Phone: _____

Change Request to Following NAIC Uniform Application (Check all that apply)

- ☐ Uniform Application for Individual License/Registration
- ☐ Uniform Application for Individual License Renewal/Continuation
- ☐ Uniform Application for Business Entity Licensing Registration
- ☐ Uniform Application for Business Entity License Renewal/Continuation

Provide Concise Description of Proposed Change

Provide Reason for the Proposed Change

Provide Supporting Information Related to the Proposed Change

To Be Completed by NAIC Staff

Change Request ID #	Date Received	Estimated Hours	Recommendation

[Guidelines for Uniform Apps](#)



NATIONAL MEETING FALL 2022

MEMORANDUM

TO: Executive (EX) Committee and Plenary

FROM: Scott White (VA), Chair, Financial Condition (E) Committee

DATE: December 16, 2022

RE: IAIS ComFrame Implementation

The International Association of Insurance Supervisors (IAIS) adopted the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) on Nov. 14, 2019. ComFrame establishes supervisory standards and guidance focusing on the effective group-wide supervision of internationally active insurance groups (IAIGs). The intent of ComFrame is to help supervisors address group-wide risks and avoid supervisory gaps by supporting coordination across jurisdictions.

ComFrame builds on, and expands upon, the high-level standards and guidance currently set out in the Insurance Core Principles (ICPs) of the IAIS, which generally apply on both an insurance legal entity and group-wide level. There are ComFrame elements included in 10 of the 25 ICPs, as well as the ICP Introduction and Assessment Methodology. Consistent with the application of the ICPs, the minimum requirements established by ComFrame are expected to be implemented and applied in a proportionate manner. However, supervisors have the flexibility to tailor the implementation of supervisory requirements and application of insurance supervision to achieve the outcomes described in ComFrame standards.

In 2020, the Group Solvency Issues (E) Working Group received a charge to: “Assess the IAIS Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) and make recommendations on its implementation in a manner appropriate for the U.S.” To address this charge, the Working Group first conducted a gap analysis to determine which ComFrame standards had already been incorporated into the U.S. system and which still needed to be considered for incorporation. The Working Group determined that while certain ComFrame elements were incorporated into the 2014 revisions of the *Insurance Holding Company System Regulatory Act* (#440) and others were currently under development (i.e., group capital calculation [GCC]), there were additional elements that should be considered for implementation.

The Working Group ultimately determined that the existing provisions of Model #440 provided sufficient authority to implement ComFrame in the U.S. and that remaining ComFrame elements deemed appropriate for the U.S. system should be incorporated into NAIC handbooks and manuals rather than model laws or regulations. As such, the Working Group identified the *Financial Analysis Handbook*, the *Financial Condition Examiners Handbook*, and the *NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual* (ORSA Guidance Manual) as the appropriate places for additional ComFrame elements to be placed within the U.S. system, and it formed three drafting groups to develop proposed revisions to each of these publications.

The drafting groups developed revisions for all three publications in 2021 and 2022. The Working Group exposed the changes for a public comment period—in some cases, multiple times. It received comments from interested regulators and interested parties, and the Working Group made adjustments to the proposed guidance in light of the comments received. Ultimately, interested parties supported the proposed revisions, and the Working Group finalized them at the 2022 Summer National Meeting. They were subsequently adopted by other relevant groups that oversee the publications and by the Financial Condition (E) Committee.

Summaries of the revisions incorporated into the *Financial Analysis Handbook*, the *Financial Condition Examiners Handbook*, and the ORSA Guidance Manual are attached to this memorandum as Exhibits A, B, and C, respectively.

Exhibit A – Summary of ComFrame Elements Incorporated into the *Financial Analysis Handbook*

ICP	Topic(s)	Proposed Addition(s)
ICP 5	Suitability of key individuals at the IAIG	Section VI.D – Corporate Governance Disclosure Procedures <ul style="list-style-type: none"> Consideration of obtaining governance information at the head of the IAIG level (i.e., Corporate Governance Annual Disclosure [CGAD], biographical affidavits) and conducting review and assessment procedures at that level
ICP 7	Corporate governance framework at the IAIG	Section VI.D – Corporate Governance Disclosure Procedures <ul style="list-style-type: none"> Consideration of obtaining governance information at the head of the IAIG level (i.e., CGAD, biographical affidavits) and conducting review and assessment procedures at that level
ICP 8	Risk management system at the IAIG	Sections VI.E – ERM Process Risks Guidance and VI.F – ORSA Review Template <ul style="list-style-type: none"> Obtain ORSA reports at the head of the IAIG level, and conduct review and assessment procedures at that level (new Appendix C)
	Internal control system at the IAIG	Section VI.C – Insurance Holding Company System Analysis Guidance <ul style="list-style-type: none"> IAIG Procedure #5 places primary reliance on exam function for assessment, but includes analysis procedures to follow up on results and address any significant changes since the last exam
	Compliance function at the IAIG	Section VI.C – Insurance Holding Company System Analysis Guidance <ul style="list-style-type: none"> IAIG Procedure #6 places primary reliance on exam function for assessment, but includes analysis procedures to follow up on results and address any significant changes since the last exam
	Actuarial function at the IAIG	Section VI.C – Insurance Holding Company System Analysis Guidance <ul style="list-style-type: none"> IAIG Procedure #7 places primary reliance on exam function for assessment, but includes analysis procedures to follow up on results and address any significant changes since the last exam
	Internal audit function at the IAIG	Section VI.C – Insurance Holding Company System Analysis Guidance <ul style="list-style-type: none"> IAIG Procedure #8 places primary reliance on exam function for assessment, but includes analysis procedures to follow up on results and address any significant changes since the last exam
ICP 9	Group risk assessment	Section VI.C – Insurance Holding Company System Analysis Guidance • <ul style="list-style-type: none"> Added IAIG Procedures #1–3 to provide general considerations unique to IAIG risk assessment, as a supplement to existing group analysis procedures
	Group inspections (examinations)	Sections VI.A, VI.B, VI.I and VI.J <ul style="list-style-type: none"> Narrative guidance and procedures reference the fact that some group-wide assessments are more appropriately conducted through coordinated on-site examinations, when relevant
ICP 10	Supervisory measures	Section VI.C – Insurance Holding Company System Analysis Guidance <ul style="list-style-type: none"> Added IAIG Procedure #4 to provide considerations relevant to any supervisory measures or corrective action that may be necessary to address group-wide solvency concerns Section VI.B – Roles and Responsibilities of Group-Wide Supervisor <ul style="list-style-type: none"> Added narrative guidance to clarify the role of the group-wide supervisor in taking any necessary corrective action
ICP 12	Recovery and resolution	Section VI.J – Supervisory Colleges Guidance

ICP	Topic(s)	Proposed Addition(s)
		<ul style="list-style-type: none"> Additional guidance on crisis management groups and their role in recovery/resolution <p>Section VI.F – ORSA Review Template</p> <ul style="list-style-type: none"> Procedure #7 in the new Appendix C encourages assessment of recovery planning options discussed in the IAIG ORSA filing
ICP 15	Investment selection	<p>Section VI.C – Insurance Holding Company System Analysis Guidance</p> <ul style="list-style-type: none"> IAIG Procedure #9 places primary reliance on exam function for assessment, but includes analysis procedures to follow up on results and address any significant changes since the last exam
	Cross-border transfer of assets	<p>Section VI.C – Insurance Holding Company System Analysis Guidance</p> <ul style="list-style-type: none"> IAIG Procedures #3 was added to provide general considerations related to cross-border issues, as a supplement to existing group analysis procedures
ICP 16	IAIG enterprise risk management (ERM) framework	<p>Sections VI.E – ERM Process Risks Guidance and VI.F – ORSA Review Template</p> <ul style="list-style-type: none"> Obtain ORSA reports at the head of the IAIG level, and conduct review and assessment procedures at that level (new Appendix C)
	IAIG investment policies and practices	<p>Section VI.C – Insurance Holding Company System Analysis Guidance</p> <ul style="list-style-type: none"> IAIG Procedure #9 places primary reliance on exam function for assessment, but includes analysis procedures to follow up on results and address any significant changes since last the exam
	IAIG claims management policies and practices	<p>Section VI.C – Insurance Holding Company System Analysis Guidance</p> <ul style="list-style-type: none"> IAIG Procedure #10 places primary reliance on exam function for assessment, but includes analysis procedures to follow up on results and address any significant changes since the last exam
	IAIG reinsurance policies and practices	<p>Section VI.C – Insurance Holding Company System Analysis Guidance</p> <ul style="list-style-type: none"> IAIG Procedure #11 places primary reliance on exam function for assessment, but includes analysis procedures to follow up on results and address any significant changes since the last exam
	IAIG actuarial function	<p>Section VI.C – Insurance Holding Company System Analysis Guidance</p> <ul style="list-style-type: none"> IAIG Procedure #7 places primary reliance on exam function for assessment, but includes analysis procedures to follow up on results and address any significant changes since the last exam
	IAIG liquidity exposures	<p>Section VI.F – ORSA Review Template</p> <ul style="list-style-type: none"> The review and assessment of liquidity information in the ORSA (see Procedure #7 in Appendix C)
ICP 23	IAIG determination	<p>Section VI.B – Roles and Responsibilities of Group-Wide Supervisor</p> <ul style="list-style-type: none"> Added guidance from Model #440 on IAIG determination, as well as some supplemental guidance from ComFrame
	Head of IAIG determination	<p>Section VI.B – Roles and Responsibilities of Group-Wide Supervisor</p> <ul style="list-style-type: none"> Added guidance from ComFrame on the head of the IAIG determination
ICP 25	Supervisory college guidance for IAIGs	<p>Section VI.J – Supervisory Colleges Guidance</p> <ul style="list-style-type: none"> Added guidance on supervisory college expectations for IAIGs

Exhibit B – Elements of ComFrame Incorporated into the *Financial Condition Examiners Handbook*

ICP	Topic(s)	Proposed Addition(s)
ICP 5 ICP 7	Corporate governance framework at the IAIG, including the suitability of key individuals at the IAIG	<p>Section 2, Part I – Understanding the Corporate Governance Function</p> <ul style="list-style-type: none"> Consideration of obtaining governance information at the head of the IAIG level (i.e., CGAD, biographical affidavits) and conducting review and assessment procedures at that level, when applicable <p>Section 4, Exhibit E – Audit Review Procedures</p> <ul style="list-style-type: none"> Guidance clarifying that Internal Audit members should not have other operational, risk management, or accounting responsibilities to be considered independent <p>Section 4, Exhibit M – Corporate Governance Assessment</p> <ul style="list-style-type: none"> Added a section that includes inquiries/procedures applicable to IAIGs <p>Section 4, Exhibit Y – Examination Interviews</p> <ul style="list-style-type: none"> Added guidance indicating that interviews may be necessary at the head of the IAIG, when applicable
ICP 8 ICP 15 ICP 16	<p>Risk management framework at the IAIG, including groupwide considerations for internal control systems; internal audit, compliance, and actuarial functions; and outsourcing activities/functions</p> <p>Consideration of policies and practices for relevant key activities:</p> <ul style="list-style-type: none"> Investments Claims Management Reinsurance Actuarial Function Capital Management 	<p>Section I, Part III.F – Outsourcing Critical Functions</p> <ul style="list-style-type: none"> Added guidance to evaluate a company’s due diligence prior to entering into new, material outsourcing agreements. <p>Section I, Part XI – Reviewing and Utilizing the ORSA</p> <ul style="list-style-type: none"> Added guidance for reviewing and using Appendix C – IAIG Risk Management Assessment Considerations (See the ORSA Guidance Manual and the <i>Financial Analysis Handbook</i>) <p>Section IV – Exhibit M: Corporate Governance Assessment</p> <ul style="list-style-type: none"> Added a section that includes inquiries and procedures applicable to IAIGs <p>Section III – Examination Repositories</p> <ul style="list-style-type: none"> Added a statement to respective examination repositories to indicate that some or all risks within the key activity could be used to address relevant ComFrame considerations, and, therefore, procedures may need to be performed at the head of the IAIG. When only some risks are deemed applicable, these are identified with the † symbol.
ICP 9	Group-wide risk assessment and inspections	<p>Section I–I.F – Coordinated Examinations of Internationally Active Insurance Groups</p> <ul style="list-style-type: none"> Narrative guidance and procedures reference the fact that some group-wide assessments are more appropriately conducted through coordinated onsite examinations, when relevant <p>Section 4 – Exhibit AA: Summary Review Memorandum</p> <ul style="list-style-type: none"> For coordinated examinations of IAIGs or other groups (as deemed appropriate), documentation on the Summary Review Memorandum (SRM) may need to be expanded to include groupwide conclusions
ICP 23	IAIG and head of IAIG determination	Section I–I.F – Coordinated Examinations of Internationally Active Insurance Groups

ICP	Topic(s)	Proposed Addition(s)
		<ul style="list-style-type: none">• Added guidance from ComFrame and Model #440 on IAIG determination for background purposes• Added reference to the <i>Financial Analysis Handbook</i> as the primary source for related information and procedures for identifying the IAIG and the head of the IAIG

Exhibit C – Elements of ComFrame Incorporated into the ORSA Guidance Manual

ICP	Topic(s)	Proposed Addition(s)
ICP 7	Corporate governance framework at the IAIG	<p>ORSA GM I.A and I.C</p> <ul style="list-style-type: none"> A group ORSA Summary Report should be filed at the head of the IAIG level when the U.S. is the group-wide supervisor <p>ORSA GM II</p> <ul style="list-style-type: none"> The main goals and objectives of the business strategy should be discussed in the ORSA
ICP 8	<p>Risk management framework at the IAIG</p> <p>Internal audit and actuarial function at the IAIG</p>	<p>ORSA GM V</p> <ul style="list-style-type: none"> An aggregated ORSA Summary Report should be filed at the head of the IAIG level The risk management strategy and framework should encompass both the head of the IAIG and the legal entities within the IAIG to promote a sound risk culture The risk management strategy should be approved by the IAIG Board of Directors with regular risk management reporting provided The IAIG's risk management framework should be reviewed at least annually <p>ORSA GM V</p> <ul style="list-style-type: none"> The IAIG ORSA should explain how the risk management function, the actuarial function, and the internal audit function are involved in the IAIG's risk management
ICP 16	IAIG ERM framework	<p>ORSA GM V</p> <ul style="list-style-type: none"> See the elements listed under ICP 8 above In addition, the IAIG ERM framework should include: <ul style="list-style-type: none"> Strategies, policies, and processes to manage risks effectively and in a cross-border context for at least insurance risk, market risk, credit risk, liquidity risk, concentration risk, operational risk, group risk, and strategic risk. Mechanisms to keep track of intra-group transactions that have a significant impact on the IAIG An economic capital model to measure all relevant and material risks that the IAIG faces in different sectors, jurisdictions, and economic environments Risk measurements that include stress and reverse stress testing and scenario analysis deemed relevant to the risk profile of the IAIG Risk measurements of the resilience of its total balance sheet against plausible macroeconomic stresses Risk measurements that assess the aggregate investment counterparty exposures and the effect of severe but plausible stress events on those exposures The insurer should review the risk management framework at least once every three years to ascertain that it remains fit for purpose based on the IAIG's risk profile, structure, and business strategy

ICP	Topic(s)	Proposed Addition(s)
	IAIG investment policies and practices	ORSA GM V <ul style="list-style-type: none"> The investment policies should ensure that assets are properly diversified and that asset concentration risk is mitigated across the IAIG
	IAIG actuarial function	ORSA GM V <ul style="list-style-type: none"> The ORSA should describe how the actuarial function is involved in the risk assessment and management of the risks emanating from the legal entities, in determining the IAIG's solvency position, in any actuarial-related modeling in the ORSA, and in the annual reporting to the IAIG Board of Directors on the risks posed to the IAIG
	IAIG internal audit function	ORSA GM V <ul style="list-style-type: none"> The ORSA should describe how the audit function provides an independent assessment and assurance to the IAIG Board of Directors of the operational effectiveness of the internal controls incorporated into the risk management framework
	IAIG liquidity exposures	ORSA GM V <ul style="list-style-type: none"> The risk management framework should include a series of mechanisms to manage the IAIG's liquidity risk and demonstrate the IAIG's resilience against severe but plausible liquidity stresses. These mechanisms include: <ul style="list-style-type: none"> A liquidity risk appetite statement and liquidity risk limits to determine if the current liquidity position of the IAIG is within the risk appetite and the limits Strategy, policies, and processes to manage liquidity risk Liquidity stress testing (LST) An adequate level of unencumbered highly liquid assets Contingency funding to mitigate potential liquidity stresses
	IAIG recovery plan	ORSA GM V <ul style="list-style-type: none"> The IAIG may be asked by the group-wide supervisor to develop a recovery plan. A recovery plan identifies in advance options to restore the financial position and viability of the group if it comes under severe stress. The full recovery plan is not expected to be included in the ORSA Summary Report. However, the ORSA Summary Report should discuss at a high-level the severe stresses that could trigger a recovery plan and should summarize the recovery options available



NATIONAL MEETING FALL 2022

Date: 11/28/22

State Implementation Reporting of NAIC-Adopted Model Laws and Regulations

Executive (EX) Committee

- Amendments to the *Unfair Trade Practices Act (#880)*—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2021 Spring National Meeting. Nine jurisdictions have enacted the revisions to this model.

Life Insurance and Annuities (A) Committee

- Amendments to the *Annuity Disclosure Model Regulation (#245)*—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2021 Summer National Meeting. NAIC staff are not aware of any activity regarding this model.
- Amendments to the *Suitability in Annuity Transactions Model Regulation (#275)*—These revisions were adopted by the Executive (EX) Committee and Plenary during the February 13, 2020, conference call. 28 jurisdictions have enacted the revisions to the model.
- Amendments to the *Standard Nonforfeiture Law for Individual Deferred Annuities (#805)*—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2020 Fall National Meeting. 22 jurisdictions have adopted the revisions to this model.

Health Insurance and Managed Care (B) Committee

- Amendments to the *Health Maintenance Organization Model Act (#430)*—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2020 Fall National Meeting. One jurisdiction has adopted the revisions to this model.
- Amendments to the *Insurance Holding Company System Regulatory Act (#440)*—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2020 Fall National Meeting. 22 jurisdictions have adopted the revisions to this model.
- Amendments to the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions (#450)*—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2020 Fall National Meeting. 12 jurisdictions have adopted the revisions to this model.

Property and Casualty Insurance (C) Committee

- Adoption of the *Real Property Lender-Placed Insurance Model Act (#631)*—This model was adopted by the Executive (EX) Committee and Plenary at the 2021 Spring National Meeting. NAIC staff are not aware of any activity regarding this model.
- Adoption of the *Pet Insurance Model Act (#633)*— This model was adopted by the Executive (EX) Committee and Plenary at the 2022 Summer National Meeting. One jurisdiction has adopted this model.