

Draft date: 10/30/24

2024 Fall National Meeting
Denver, Colorado

FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE

Sunday, November 17, 2024

12:15 – 12:45 p.m.

Gaylord Rockies Hotel—Colorado Ballroom A—Level 3

ROLL CALL

Lori K. Wing-Heier, Chair	Alaska	Mike Causey	North Carolina
Sharon P. Clark, Co-Vice Chair	Kentucky	Jon Godfread	North Dakota
Andrew R. Stolfi, Co-Vice Chair	Oregon	Elizabeth Kelleher Dwyer	Rhode Island
Alan McClain	Arkansas	Michael Wise	South Carolina
Andrew N. Mais	Connecticut	Larry D. Deiter	South Dakota
Robert L. Carey	Maine	Scott A. White	Virginia
Michael Caljouw	Massachusetts	Jeff Rude	Wyoming
Eric Dunning	Nebraska		

NAIC Support Staff: Bailey Henning/Sara Franson/Dan Schelp/Bruce Jenson

AGENDA

1. Consider Adoption of its Summer National Meeting Minutes Attachment One
—*Director Lori K. Wing-Heier (AK)*
2. Consider Adoption of its 2025 Proposed Charges Attachment Two
—*Director Lori K. Wing-Heier (AK)*
3. Consider Adoption of Proposed Accreditation Program Manual Revisions
—*Director Lori K. Wing-Heier (AK)*
 - a. Volunteer Group Memorandum of Proposed Changes Attachment Three-A
 - b. Revisions to the B1 Analysis Review Team Guidelines Attachment Three-B
 - c. Revisions to the B1 Analysis Self-Evaluation Guide Attachment Three-C
 - d. Comment Letter from Interested Parties Attachment Three-D
4. Discuss Any Other Matters Brought Before the Committee
—*Director Lori K. Wing-Heier (AK)*
5. Adjournment

Draft Pending Adoption

Date: 8/19/24

Financial Regulation Standards and Accreditation (F) Committee
Chicago, Illinois
August 13, 2024

The Financial Regulation Standards and Accreditation (F) Committee met in Chicago, IL, Aug. 13, 2024. The following Committee members participated: Lori K. Wing-Heier, Chair (AK); Sharon P. Clark, Co-Vice Chair (KY); Andrew R. Stolfi, Co-Vice Chair (OR); Alan McClain represented by Leo Liu (AR); Andrew N. Mais represented by Jack Broccoli (CT); Kevin P. Beagan represented by Christopher Joyce (MA); Robert L. Carey represented by Vanessa Sullivan (ME); Eric Dunning (NE); Mike Causey represented by Jackie Obusek (NC); Jon Godfread represented by Matt Fischer (ND); Elizabeth Kelleher Dwyer represented by John Tudino (RI); Michael Wise (SC); Larry D. Deiter represented by Johanna Nickelson (SD); Scott A. White represented by Greg Chew (VA); and Jeff Rude (WY).

1. Adopted its Spring National Meeting Minutes

Commissioner Rude made a motion, seconded by Broccoli, to adopt the Committee's March 16 minutes (*see NAIC Proceedings – Spring 2024, Financial Regulation Standards and Accreditation (F) Committee*). The motion passed unanimously.

Director Wing-Heier said the Committee also met Aug. 12 in regulator-to-regulator session pursuant to paragraph 7 (consideration of individual state insurance department's compliance with NAIC financial regulation standards) of the NAIC Policy Statement on Open Meetings. During this meeting, the Committee voted to award continued accreditation to Florida, Georgia, Montana, Pennsylvania, and Utah.

2. Adopted a Recommendation from the Receivership and Insolvency (E) Task Force Regarding Model #540

Director Wing-Heier stated that a memorandum had been previously received from the Receivership and Insolvency (E) Task Force regarding revisions to the *Property and Casualty Insurance Guaranty Association Model Act* (#540). These revisions, to be made acceptable but not required for accreditation, were exposed for a 30-day public comment period that ended April 19. No comments were received.

Commissioner Clark made a motion, seconded by Broccoli, to adopt the revisions to Model #540 (Attachment). The motion passed unanimously.

3. Affirmed the GCC Accreditation Standard for RRGs

Director Wing-Heier said that at the 2023 Summer National Meeting, the Committee discussed and adopted the 2020 revisions to the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation* (#450), to be effective Jan. 1, 2026. These revisions implemented a group capital calculation (GCC) for the purpose of group solvency supervision and a liquidity stress test (LST) for macroprudential surveillance. Part of the discussion included input from the Risk Retention Group (E) Task Force that recommended that the GCC element apply to risk retention groups (RRGs) but that the LST should not be applicable since that applies to life insurers and RRGs are not permitted to write life products. There was no opposition to this recommendation; however, the Committee did not affirm this when it was adopted.

Commissioner Stolfi made a motion, seconded by Commissioner Clark, to affirm that the will of the Committee is that GCC applies to RRGs but not LST. The motion passed unanimously.

Draft Pending Adoption

4. Exposed an Accreditation Manual Revision and Updates

Director Wing-Heier said the volunteer drafting group suggested revisions to the review team guidelines (RTGs) and self-evaluation guide (SEG) for the Committee's consideration. Sara Franson (NAIC) said that with the increasing use of contractors for analysis functions, the volunteer drafting group has proposed revisions that align the guidance concerning the use of contractors between analysis and exam. These revisions include incorporating the use of contractors within the count of qualified staff for analysis and that contractor supervision needs to document reviews.

Fischer made a motion, seconded by Broccoli, to expose the revisions to the RTGs and SEG for a 30-day public comment period ending Sept. 13.

5. Discussed a Referral to the Risk-Focused Surveillance (E) Working Group

Director Wing-Heier discussed a proposed referral to the Risk-Focused Surveillance (E) Working Group. Franson said the volunteer drafting group is seeking additional guidance on how to properly assess departmental oversight of contractors within examination and analysis functions. Currently, the RTGs include a process-oriented guideline for each area. The review teams often question whether there should be any additional guidelines or requirements for the person serving as the department's oversight of contractors. While the *Financial Condition Examiners Handbook* contains some guidance in this area, the volunteer drafting group is seeking guidance, clarification, and input for both the analysis and exam functions.

Commissioner Rude made a motion, seconded by Commissioner Clark, to send a referral to the Risk-Focused Surveillance (E) Working Group for additional guidance concerning the supervision of contractors.

Having no further business, the Financial Regulation Standards and Accreditation (F) Committee adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/F CMTE/2024Summer

NATIONAL MEETING
FALL / DENVER



MEMORANDUM

TO: Members of the Financial Regulation Standards and Accreditation (F) Committee

FROM: Bailey Henning, Senior Manager – Accreditation & Financial Examinations

DATE: October 2, 2024

RE: 2025 Proposed Charges

Below are the Financial Regulation Standards and Accreditation (F) Committee’s 2025 proposed charges. The primary change from the Committee’s 2024 charges is the addition of the final charge to appoint and oversee the activities of the Accreditation Scope and Alignment (F) Working Group.

The mission of the Financial Regulation Standards and Accreditation (F) Committee is both administrative and substantive as it relates to the administration and enforcement of the NAIC Financial Regulation Standards and Accreditation Program. This includes, without limitation: 1) the consideration of standards and revisions of standards for accreditation; 2) the interpretation of standards; 3) the evaluation and interpretation of the states’ laws and regulations, as well as departments’ practices, procedures, and organizations as they relate to compliance with standards; 4) the examination of members for compliance with standards; 5) the development and oversight of procedures for the examination of members for compliance with standards; 6) the selection of qualified individuals to examine members for compliance with standards; and 7) the determination of whether to accredit members.

Ongoing Support of NAIC Programs, Products or Services

1. The **Financial Regulation Standards and Accreditation (F) Committee** will:
 - A. Maintain and strengthen the NAIC Financial Regulation Standards and Accreditation Program.
 - B. Assist the states, as requested and as appropriate, in implementing laws, practices, and procedures and obtaining personnel required for compliance with the standards.
 - C. Conduct a yearly review of accredited jurisdictions.
 - D. Consider new model laws; new practices and procedures; and amendments to existing model laws, practices, and procedures required for accreditation. Determine the timing and appropriateness of the addition of new model laws, practices, procedures, and amendments.
 - E. Render advisory opinions and interpretations of model laws required for accreditation and on substantial similarity of state laws.
 - F. Review existing standards for effectiveness and relevancy, and make recommendations for change, if appropriate.
 - G. Produce, maintain, and update the NAIC *Accreditation Program Manual* to provide guidance to state insurance regulators regarding the official standards, policies, and procedures of the program.
 - H. Maintain and update the “Financial Regulation Standards and Accreditation Program” pamphlet.
 - I. Perform enhanced pre-accreditation review services, including, but not limited to, additional staff support, increased participation, enhanced report recommendations, and informal feedback.
 - J. Appoint and oversee the activities of the Accreditation Scope and Alignment (F) Working Group.

2. The **Accreditation Scope and Alignment (F) Working Group** will:
 - A. Review the current scope of the NAIC Financial Regulation Standards and Accreditation Program to: 1) evaluate whether it aligns with the program's objectives; and 2) determine whether any multistate companies/activities are not currently covered in the program's scope.
 - B. Analyze state regulations to understand how states regulate companies within the scope of the accreditation program and identify any discrepancies or unique regulatory practices across states. Maintain a resource that summarizes the results of this analysis.

MEMORANDUM

TO: Financial Regulation Standards and Accreditation (F) Committee

FROM: F Committee Volunteer Group

DATE: July 23, 2024

RE: Review Team Guidelines and Self-Evaluation Guide Updates for Contractor Use in Analysis

The Volunteer Group has met and discussed various parts of the Accreditation Program Manual in the interest of updating it to address the current environment. The Review Team Guidelines and Self-Evaluation Guide for Part B1: Financial Analysis currently do not include consideration of the increased use of contractors for financial analysis among states. The proposed revisions, summarized below, are consistent with existing guidance in place in B2: Financial Examinations for the use of contractors.

Review Team Guidelines

Under Sufficient Qualified Staff and Resources, the Volunteer Group recommends including contractors under both a results-oriented guideline and a process-oriented guideline. Under the results-oriented guideline, it is proposed to include contractors when assessing whether a department has qualified staff and resources. For the process-oriented guideline, contractors are proposed to be included when determining the backgrounds and if individuals are appropriate for the work they perform.

Under Appropriate Supervisory Review, the Volunteer Group recommends including clarifying language to state there should be evidence of department oversight of the IPS and/or GPS. The current guidance states it is required to review the IPS and/or GPS, but not necessarily show evidence (i.e., sign-off, email, etc.) that the review occurred.

Self-Evaluation Guide

Under Sufficient Qualified Staff and Resources, the Volunteer Group recommends including contractor information and requesting the numbers of contractors used by a state. The updates bring this standard more in-line with the information requested for examinations under the same standard. Additionally, when requesting the list of analysis staff, it is also recommended that the state indicate whether the person(s) listed serve as the department oversight of contractors.

The Volunteer Group recommends the Committee consider these enhancements to the Review Team Guidelines and Self-Evaluation Guide for exposure and possible inclusion.

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Kansas City 1100 Walnut Street, Suite 1500, Kansas City, MO 64106-2197

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www.naic.org

Accreditation Program Manual
Review Team Guidelines | Part D

NAIC FINANCIAL REGULATION STANDARDS
AND ACCREDITATION PROGRAM

REVIEW TEAM GUIDELINES

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Part B1: Financial Analysis

a. Sufficient Qualified Staff and Resources

Standard: The department should have the appropriate staff and resources to effectively and timely review the financial condition of all domestic insurers.

Results-Oriented Guidelines:

1. The department should have qualified analysts or contractual resources with appropriate skill sets, abilities, knowledge and experience levels to satisfactorily and effectively perform analysis tasks and procedures. Such experience should match the sophistication and complexity of the domestic industry. When assessing whether a department has qualified staff and resources, consideration should be given to the following:
 - The quality of the work performed by the financial analysis staff and/or contractors as documented in the financial analysis files.
 - The financial analysis staff's and/or contractor's knowledge and comprehension of the insurance industry and its domestic insurers, as demonstrated during interviews with the staff.
2. The analysis of various financial filings should be completed timely, as discussed in the process-oriented guidelines. If the analysis tasks and procedures were not completed timely, consideration should be given to the size and complexity of the department's multistate insurers and the insurance holding company systems for which the department acts as the lead state. If the analysis tasks and procedures were not completed timely, the department should document the reasons for such, and the review team may take extenuating circumstances into consideration.

Process-Oriented Guidelines:

1. The financial analysts and supervisors, including contractors (if applicable), should have an accounting, insurance, financial analysis and/or actuarial background, and insurance backgrounds should be financial in nature. College degrees should focus on accounting, insurance, finance, business or actuarial science. Professional designations and credentials may also demonstrate expertise in insurance and/or financial analysis.
2. The analysis of priority insurers should be completed by the analyst and reviewed by the supervisor by:
 - Annual statements and actuarial-related filings: End of April.
 - Quarterly statements: Within 60 days from receipt of filing.
 - Supplemental filings (excluding holding company filings): Within 60 days from receipt of filing.
 - Holding company filings: by Oct. 31st for analysis conducted by the lead state; by Dec. 31st for analysis conducted by the domestic state.

Accreditation Program Manual
Review Team Guidelines | Part D

3. The analysis of non-priority insurers should be completed by the analyst and reviewed by the supervisor by:
 - Annual statements and actuarial-related filings: End of June or if a preliminary analysis, as outlined in the NAIC *Financial Analysis Handbook* (Analysis Handbook), indicates no immediate concerns, then by the end of July.
 - Preliminary analysis performed and relied upon for analysis completion dates should be completed within two weeks from receipt of filing.
 - Quarterly statements: Within 90 days from receipt of filing.
 - Supplemental filings (excluding holding company filings): Within 120 days from receipt of filing.
 - Holding company filings: by Oct. 31st for analysis conducted by the lead state; by Dec. 31st for analysis conducted by the domestic state.

...

c. Appropriate Supervisory Review

Standard: The department's financial analysis process should provide for appropriate supervisory review and comment. Supervisory review may be conducted by the analyst's supervisor or a senior-level analyst whose job functions include such review duties.

Results-Oriented Guidelines:

1. The supervisory review should be an in-depth and challenging review of the analyst's findings. An in-depth and challenging review should ensure the financial analyses performed are thorough and substantive. When assessing whether the supervisory review is in-depth and challenging, consideration should be given to the following:
 - Substantive review notes provided by the supervisor. Although supervisory review notes may assist the accreditation review team in assessing the supervisory review, they are not required to be created or maintained.
 - The overall quality of the analysis work as documented in the analysis file, including whether all material matters have been identified and adequately discussed.
 - Why issues with the quality of the analysis were not identified and resolved by the supervisor.

Process-Oriented Guidelines:

1. There should be evidence of at least one level of supervisory review on the financial analysis. This does not include scenarios when the company "passed" an automated review, such as the Quarterly Assessment of Non-Troubled Insurers. The supervisory review should be evidenced by sign-off and dating.
2. If the department uses an automated review such as the Quarterly Assessment of Non-Troubled Insurers, and the company did not "pass" the automated review but the analyst documented the rationale that no further documented analysis was necessary, a supervisor should approve the conclusion.

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Review Team Guidelines | Part D

3. The supervisory review should include a review of the risk assessment and significant supporting documentation, and include at least some review of the source documents, the level of which should be based on the experience of the analyst.
4. The supervisory review should be performed within two to three weeks of completion of the original analysis.
5. The supervisory review should include a review of any written responses from the company received by the primary analyst that contain significant information.
6. The supervisory review should include a review of any change in an insurer's priority rating.
7. If the department utilizes a contractor to perform the primary supervisory review of financial analysis, there should be evidence of an additional level of review ~~is required~~ on the IPS and/or Group Profile Summary (GPS) by a qualified department employee.

Accreditation Program Manual
SEG/IAR Form | Part B1

PART B1: FINANCIAL ANALYSIS

a) Sufficient Qualified Staff and Resources

The department should have the appropriate staff and resources to effectively and timely review the financial condition of all domestic insurers.

YES **NO**

1. Does the department have analysts on staff or under contract whose primary responsibility is to review the financial statements as well as other information and data to discern potential and actual financial problems of all domestic insurers?

2. Indicate the number below for each of the following:

- **Financial Department analysts:** include the total number of analysts who are employed or contracted by the state to who are performing or have performed financial analyses solely for the department and no other state.
- **Department Supervisors:** include the total number of analysis supervisors employed or contracted by the state to who are performing or have performed supervisory oversight financial analysis work solely for the department and no other state.
- **Contract analysts:** include the total number of individual contractors, whether associated with a firm or as an independent contractor, that performed financial analysis on behalf of the state.
- **Contract supervisors:** include the total number of individual contractors, whether associated with a firm or as an independent contractor, that performed supervisory oversight of financial analysis work on behalf of the state.
- **Department Analyst vacancies:** include the current number of vacant analyst positions.
- **Department Supervisor vacancies:** include the current number of vacant supervisor positions.
- **Multi-state companies:** include all forms of traditional insurers (L&H, P&C, HMO, title, fraternal, non-captive RRGs, etc.) that meet the definition of a multi-state insurer as defined in the Part B Preamble. Only provide the total number of multi-state companies the financial analysis staff is responsible for monitoring.
- **RRGs organized as captives:** include all RRGs that are organized under the state’s captive statutes. Only provide the total number of RRGs organized as captives the financial analysis staff is responsible for monitoring.
- **Single state companies:** include all forms of traditional insurers (L&H, P&C, HMO, title, fraternal, etc.) that are domiciled and operating in one state. Only provide the total number of single state companies the financial analysis staff is responsible for monitoring.
- **Other:** include any other domestic insurers that are not subject to accreditation, not listed in the single or multi-state column and are the responsibility of the financial analysis staff. Additionally, please provide a brief note discussing the company types included in this count.
- **Total domestic companies:** include a total of all the insurers the financial analysis staff is responsible for monitoring. The total should equal the sum of multi-state, RRGs as captives, single state and other columns.

	<u>Financial Department Analysts</u>	<u>Department Supervisors</u>	<u>Contract Analysts</u>	<u>Contract Supervisors</u>	<u>Department Analyst Vacancies</u>	<u>Department Supervisor Vacancies</u>
Current Year (CY)						
CY – 1						
CY – 2						

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SEG/IAR Form | Part B1

	Multi- State	RRGs as Captives	Single State	Other	Total Domestic
Current Year (CY)					
CY – 1					
CY – 2					

Notes:

- In the event the department has financial analysis staff that act as both an analyst and a supervisor, include them in both counts and provide a note that discusses the circumstance.
 - Surplus lines companies and reinsurers licensed in one state but operating in more than one state are considered multi-state companies.
 - When counting the total number of insurers for the current year, the department should provide the current count at the time this document is being prepared.
 - The total number of multi-state domestic companies, including RRGs licensed as captives, for the current year should tie to the total number of companies included in the attachment for #5 below. In the event the total counts do not match, please provide information as to why (i.e., a company redomesticated, two companies merged, a new company, etc.).
 - Throughout the SEG | IAR document, there will be reference to domestic insurers. Domestic insurers are to include all domestic multi-state insurers, including any RRGs licensed as captives, unless explicitly stated otherwise.
3. As a separate attachment, provide a current list of staff members who completed financial analysis work on behalf of the department, and include the following information on each:
- Name,
 - Professional designation(s), if any,
 - Title,
 - Years employed by the department (include functional area),
 - Type of college degree, including major area of concentration,
 - Prior regulatory and/or insurance experience,
 - Indicate whether the individual is responsible for supervisory reviews of multi-state financial analyses, including any RRGs licensed as captives,
 - Indicate whether the individual is a department employee (full/part time) or a contractual employee,
 - Indicate whether the individual is responsible for department oversight of contractors performing supervisory reviews of analysis (if applicable).
4. If the department utilized contractual analysts, during the past twelve months, please describe in a separate attachment the manner and extent of utilization in the department’s analysis activities. If there are individual contractors dedicated to completing financial analysis on behalf of the department, include the information outlined in #3 above for each individual.

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September 27, 2024

Lori K. Wing-Heier, Chair
Financial Regulation Standards and Accreditation (F) Committee
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
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Exposure on Proposed Changes to Accreditation Review Team Guidelines and to the Self-Evaluation Guide Updated for Contractor Use in Analysis

Dear Ms. Wing-Heier:

Interested parties appreciate the opportunity to comment on the above-captioned item that was exposed for comment by the Financial Regulation Standards and Accreditation (F) Committee (the “F Committee”) during the NAIC’s 2024 Summer National Meeting with an extended comment deadline of September 27th.

We understand that the subject exposure was issued by the F Committee to clarify guidance in the NAIC Accreditation Program’s Review Team Guidelines (“Guidelines”) and Self-Evaluation Guide (“Guide”) pertaining to the use of independent contractors to support the financial analysis function of state insurance departments. We note that the current Guidelines and Guide already recognize that independent contractors may have a role in assisting state insurance departments with the analysis of insurers. The changes that are proposed, to our understanding, only further clarify the application of the Guidelines and the Guide in the case of independent contractors for the benefit of accreditation reviewers. The proposed revisions also include details about information to be gathered during the accreditation process and on a somewhat more granular basis than is currently gathered, about the extent of resources provided to a state by independent contractors supporting the analysis function. In that regard, we have no comments about those proposed revisions contained in the subject exposure.

That said, the exposure, taken together with the referral that was made by the F Committee to the Risk Focused Surveillance (E) Working Group (RFSWG) at the NAIC’s 2024 Summer National Meeting, raises some concerns about related matters which we want to bring to the attention of the F Committee. We believe these matters should also be taken into account in the Accreditation

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Manual, not necessarily as part of the current exposure, but in due course once RFSWG has addressed the F Committee's referral.

Our primary concern is the apparent increased involvement in recent years of independent contractors in the state regulatory financial analysis function, a trend which is acknowledged in the F Committee's referral to RFSWG.

We understand and have experienced the resource constraints that state insurance departments are experiencing in the current environment to attract and retain qualified personnel, a phenomenon that is impacting both the public and private sectors in various ways. Balancing the need to address the shortage of qualified personnel with the issues associated with the use of contractors, any use of contractors – whether in the private or public sector – calls for the use of appropriate guardrails. The referral to RFSWG should include developing guardrails to assure the quality of work performed and avoid unintended consequences and risks. Indeed, and as the NAIC's Financial Condition Examiner Handbook states, "it is the responsibility of management [of the insurer] to determine whether processes which have been outsourced are being effectively and efficiently performed and controlled." The same is true of any entity outsourcing key functions – including state insurance departments. Having proper oversight of the use of contractors will ensure consistency and mitigates the risks to insurers and the state regulatory system.

We note that the Guidelines and Guide, in their current form without the proposed revisions included in the F Committee's current exposure, recognizes a key guardrail over the use of contractors, i.e., the responsibility of states to oversee and supervise their work, which we believe should also include all phases of the contractor's delegated authority from setting the scope to finalizing the review. The proposed changes strengthen that to some degree by requiring that reviews by state employees of certain documents prepared by contractors be evidenced in supporting documentation. We agree with that suggested revision and emphasize the importance of the respective state insurance department oversight.

There are other aspects involving the use of independent contractors that are not covered currently in the NAIC's Financial Analysis Handbook, the current Guidelines and Guide or the proposed revisions to those materials. These include guardrails which address not just the supervision and review of work performed, but also matters such as the independence of the contractor (and/or his/her firm); any potential conflicts of interest they may have and the ongoing responsibility to report any changes promptly; the confidentiality of insurer-specific information or proprietary processes with which the contractor may come into possession or knowledge in the course of their work on behalf of the state; the security and data governance over that information including in electronic format and transmissions; and compliance with state laws and regulation pertaining to the due process protections that limit the delegation of regulatory authority, including to outside parties. We do not represent this brief list of potential guardrails to be all-inclusive, but they are representative of the matters that are of concern to interested parties relating to the increased use of contractors in a state's analysis function.

We also believe that the use of contractors for financial analysis should only be undertaken on a temporary basis until such time as the state insurance department is able to hire qualified personnel.

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Full-time personnel provide a continuity of involvement with the insurers that are the subject of their analyses and the departments, as well as insurers, benefit from their in-house knowledge and experience with insurers over time. Having the analysis performed by state insurance department personnel provides that continuity of involvement and resolves most of the above concerns and should be the long-term goal of the department.

In short, the F Committee's referral to RFSWG addresses only a subset of the potential guardrails noted above and which interested parties believe should be in place, in the Financial Analysis Handbook, and then addressed in the Accreditation Manual and its Guidelines and Guide. We believe the process should begin with work at the RFSWG because of the subject matter expertise its members have in both the analysis and examination areas. Concurrent with this submission to you and for the F Committee, we are submitting a letter to the chair of the RFSWG to bring these concerns to their attention. We would appreciate your support and that of the F Committee in that regard, for example, by expanding the topics included in your referral to RFSWG to address the concerns about guardrails that interested parties have now brought to your attention.

Once RFSWG has completed its work and it has been adopted up the line through the NAIC's committee structure, interested parties believe that the F Committee should consider at its earliest opportunity the incorporation of additional standards in the Accreditation Manual that relate to the totality of guardrails necessary for a state insurance department to take responsibility so that states that need to utilize independent contractors in the analysis function do so in a manner that is consistent with the authority given the department by its state statutes, ensures the work is well supervised, and also avoids unintended consequences and risks.

Thank you for the opportunity to provide comments. We will reach out to the RFSWG to discuss our concerns raised in this letter in more detail and offer assistance in addressing those issues.

* * *

Thank you again for this opportunity to comment. Please feel free to contact either one of us if you have any questions or would like to discuss further.

Sincerely,

D. Keith Bell

Rose Albrizio

cc: Interested parties
NAIC staff