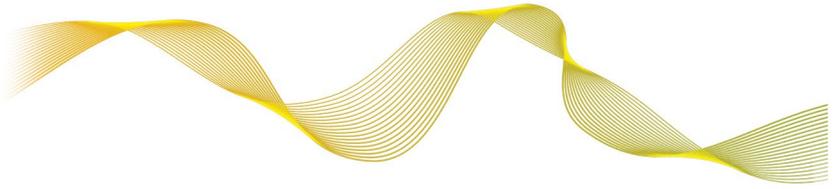




2026 SPRING NATIONAL MEETING  
SAN DIEGO, CA



Draft date: 3/9/26

*2026 Spring National Meeting  
San Diego, California*

**JOINT MEETING OF THE INVESTMENT DESIGNATION ANALYSIS (E) WORKING GROUP  
AND INVESTED ASSETS (E) TASK FORCE**

Tuesday, March 24, 2026

11:30 a.m. – 1:00 p.m.

Manchester Grand Hyatt—Grand Hall C—Level 1

**ROLL CALL**

**INVESTED ASSETS (E) TASK FORCE**

**NAIC Member**

Doug Ommen, Chair  
Scott A. White, Vice Chair  
Peter M. Fuimaono  
Ricardo Lara  
Joshua Hershman  
Michael Yaworsky  
Dean L. Cameron  
Vicki Schmidt  
Angela L. Nelson  
Eric Dunning  
Susan Ochs  
Kaitlin Asrow  
Jon Godfread  
Judith L. French  
Glen Mulready  
TK Keen  
Michael Humphreys  
Elizabeth Kelleher Dwyer  
Michael Wise  
Carter Lawrence  
Amanda Crawford  
Patty Kuderer  
Nathan Houdek

**Representative**

Carrie Mears\*  
Doug Stolte\*  
Elizabeth Perri  
Laura Clements  
Ken Cotrone\*  
Anoush Brangaccio  
Eric Fletcher  
Tish Becker  
Danielle Smith\*  
Tadd Wegner  
Susan Ochs  
Bob Kasinow  
Colton Schulz  
Cameron Piatt  
Ryan Rowe  
Paul Throckmorton  
Diana Sherman  
Liz Ammerman  
Ryan Basnett  
Trey Hancock  
Amy Garcia\*  
Steve Drutz  
Amy Malm\*

**State/Territory**

Iowa  
Virginia  
American Samoa  
California  
Connecticut  
Florida  
Idaho  
Kansas  
Missouri  
Nebraska  
New Jersey  
New York  
North Dakota  
Ohio  
Oklahoma  
Oregon  
Pennsylvania  
Rhode Island  
South Carolina  
Tennessee  
Texas  
Washington  
Wisconsin

NAIC Committee Support: Jim Pinegar/Jennifer Vento/Michele Wong

\* Indicates member of both groups.



**INVESTMENT DESIGNATION ANALYSIS (E) WORKING GROUP**

Ken Cotrone, Chair*	Connecticut	Danielle Smith*	Missouri
Amy Garcia, Vice Chair*	Texas	Cynthia Iu	Nebraska
Laura Clements	California	Doug Stolte*	Virginia
Carrie Mears*	Iowa	Katy Bardsley	Washington
Gilbert Mendoza	Maryland	Amy Malm*	Wisconsin

NAIC Committee Support: Charles Therriault/Marc Perlman/Hankook Lee

\* Indicates member of both groups.

Note: This meeting will be recorded for subsequent use.

**AGENDA – INVESTMENT DESIGNATION ANALYSIS (E) WORKING GROUP**

1. Consider Adoption of the Valuation of Securities (E) Task Force’s 2025 Fall National Meeting Minutes (Doc. ID: 2026-001.01) Attachment A  
—Ken Cotrone (CT)
  
2. Discuss a Proposed Amendment to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to Update the List of Credit Rating Providers (CRPs) (Doc. ID: 2026-002.01) Attachment B  
—Ken Cotrone (CT) and Charles Therriault (NAIC)
  
3. Discuss a Proposed Annual Statement Schedule Update for Security Identifiers (IDs) and Related Referrals to the Blanks (E) Working Group, Capital Adequacy (E) Task Force, and Statutory Accounting Principles (E) Working Group (Doc. ID: 2025-009.03) Attachment C  
—Ken Cotrone (CT) and Charles Therriault (NAIC)
  
4. Discuss a Proposed Amendment to the P&P Manual for Analysis of Parent-Subsidiary Situations (Doc. ID: 2026-003.01) Attachment D  
—Ken Cotrone (CT) and Marc Perlman (NAIC)
  
5. Receive the Securities Valuation Office (SVO) Annual Report on Carry-Over Filings for 2025 (Doc. ID: 2026-004.01) Attachment E  
—Charles Therriault (NAIC)
  
6. Discuss Any Other Matters Brought Before the Working Group  
—Ken Cotrone (CT)
  
7. Adjournment



## **AGENDA – INVESTED ASSETS (E) TASK FORCE**

1. Receive Status Reports from its Working Groups—*Carrie Mears (IA)*
  - A. Investment Designation Analysis (E) Working Group—*Ken Cotrone (CT)*
  - B. Credit Rating Provider (E) Working Group—*Jake Garn (UT)*
  - C. Investment Analysis (E) Working Group—*Carrie Mears (IA)*
  
2. Hear a Presentation Regarding Insurance Companies Increasing Investments in Mortgage Loans, Including Unique Risks  
—*Stephen Smith (Neuberger Berman), Stephen Zacny (Neuberger Berman), and Dmitry Gasinsky (Neuberger Berman)*
  
3. Receive the Statutory Accounting Principles (E) Working Group and Risk-Based Capital Investment Risk and Evaluation (E) Working Group Project Reports—*Carrie Mears (IA) and Julie Gann (NAIC)*
  
4. Discuss Any Other Matters Brought Before the Task Force  
—*Carrie Mears (IA)*
  
5. Adjournment

Attachment One

## Draft Pending Adoption

Draft: 12/17/25

Valuation of Securities (E) Task Force  
Hollywood, Florida  
December 10, 2025

The Valuation of Securities (E) Task Force met in Hollywood, FL, Dec. 10, 2025. The following Task Force members participated: Doug Ommen, Chair, represented by Carrie Mears (IA); Jared Kosky, Vice Chair, represented Ken Cotrone (CT); Heather Carpenter represented by David Phifer (AK); Mark Fowler represented by Sanjeev Chaudhuri (AL); Ricardo Lara represented by Laura Clements (CA); Michael Yaworsky represented by Carolyn Morgan (FL); Dean L. Cameron represented by Eric Fletcher (ID); Ann Gillespie represented by Matt Cheung (IL); Vicki Schmidt represented by Tish Becker (KS); Timothy J. Temple represented by Tom Travis (LA); Michael T. Caljouw represented by John Turchi (MA); Marie Grant represented by Greg Ricci (MD); Grace Arnold represented by Fred Andersen (MN); Angela L. Nelson represented by Danielle Smith (MO); Eric Dunning represented by Tadd Wegner (NE); Justin Zimmerman represented by David Wolf (NJ); Kaitlin Asrow represented by Bob Kasinow (NY); Judith L. French represented by Cameron Piatt (OH); Glen Mulready represented by Ryan Rowe (OK); Michael Humphreys represented by Diana Sherman (PA); Carter Lawrence represented by Trey Hancock (TN); Cassie Brown represented by Amy Garcia and Jamie Walker (TX); Scott A. White represented by Doug Stolte and Greg Chew (VA); Patty Kuderer represented by Steve Drutz (WA); and Nathan Houdek represented by Amy Malm (WI). Also participating was: John Tudino (RI).

### 1. Adopted its Summer National Meeting Minutes

Malm made a motion, seconded by Sherman, to adopt the Task Force's Aug. 12 minutes (*see NAIC Proceedings – Summer 2025, Valuation of Securities (E) Task Force*). The motion passed unanimously.

### 2. Adopted an Amendment to the P&P Manual to Permit a 30-Day Filing Grace Period to Provide the Private Rating Letter Annual Update

Mears stated that the next item on the agenda was to discuss and consider adoption of a revised *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) amendment to permit a 30-day filing grace period to provide the private rating letter annual rating update. At the 2024 Fall National Meeting, the Task Force agreed to permit insurers a 30-day grace period after an NAIC credit rating provider (CRP) renews a private letter rating (PLR) to provide the annual rating update to the Securities Valuation Office (SVO). The objective of the grace period was to avoid the need to deactivate PLRs that received an annual update close to year-end. This amendment, which was exposed for a 30-day public comment period ending Sept. 12, would update the PLR instructions to permit a 30-day filing grace period for PLR annual updates, regardless of when during the year they occur.

One joint comment letter was received from the American Council of Life Insurers (ACLI), Private Placement Investors Association (PPIA) and North American Securities Valuation Association (NASVA) (Attachment Two - B), which supported the proposed amendment and requested a small clarification be added so it is specific to the "CRP's annual rating update," with the word "rating" being inserted. SVO staff incorporated that update into the proposed amendment.

Mike Reis (Northwestern Mutual), representing the ACLI, PPIA, and NASVA, expressed support for adoption of the proposed amendment.

Stolte made a motion, seconded by Kasinow, to adopt the revised P&P Manual amendment to permit a 30-day filing grace period to provide the private rating letter annual update (Attachment Two). The motion passed unanimously.

## Draft Pending Adoption

### 3. Adopted a Revised P&P Manual Amendment to Change the Effective Date for the Financial Modeling of CLOs by the SSG to 2026

Mears stated that, as mentioned at the Summer National Meeting, it is critically important to insurance regulators to continue monitoring the growth of insurer collateralized loan obligation (CLO) exposures. There is ongoing work by the Risk-Based Capital Investment Risk and Evaluation (E) Working Group and the American Academy of Actuaries (Academy) on asset-backed securities (ABS) like CLOs. It is expected that there will be updates from the Academy early next week. At the same time, the Risk-Based Capital Model Governance (EX) Task Force is continuing its holistic review of the overall risk-based capital (RBC) framework.

Given these concurrent workstreams, Mears said she recommended deferring implementation of Structured Securities Group's (SSG's) CLO modeling process for one year to give these other efforts additional time. This proposed amendment, which was exposed for a 30-day public comment period ending Sept. 12, reflects that deferral by changing the effective date for the financial modeling of CLOs by the SSG from 2025 to 2026.

Mears said one joint comment letter was received from the ACLI, PPIA, and NASVA (Attachment Three - A) in support of the proposed change.

Reis, representing the ACLI, PPIA, and NASVA, expressed support for adoption of the revised amendment.

Clements made a motion, seconded by Phifer, to adopt the revised P&P Manual amendment to change the effective date for the financial modeling of CLOs by the SSG to 2026 (Attachment Three). The motion passed unanimously.

### 4. Discussed a Proposed Annual Statement Schedule Update for Security IDs

Mears said the next item on the agenda was to discuss a proposal to update the annual statement schedules for security identifiers (IDs).

Charles Therriault (NAIC) said this proposal would consolidate into one location and identify the various security IDs that are currently allowed on the annual statement schedules. This change would also permit the incorporation of additional security identifiers, such as Bloomberg's Financial Industry Global Identifier (FIGI), Markit LoanX, and any other identifiers. These additional security IDs are available to the NAIC through S&P Global's Global Instruments Cross Reference Service (GICRS) database. As mentioned previously, the GICRS is a database of global security identifiers that cross-references approximately 92 million instruments. Combining security identifiers into a single field aligns with the NAIC's planned integration of the GICRS into its systems, and it will simplify the NAIC's data validation processes (i.e., confirming that the security ID appears in the GICRS database).

Therriault stated that in its initial memorandum, the SVO recommended developing a new reporting field on annual statement schedules to identify when a security ID was not validated. Upon further discussion with industry, the SVO withdrew that recommendation, as the existing regulator exception reports should be sufficient. This withdrawal aligns with the comments provided in the letter submitted by the ACLI, PPIA, and NASVA on this proposal, which they otherwise support.

Therriault stated that the SVO has been working with the ACLI, PPIA, and NASVA, along with the NAIC staff supporting the Blanks (E) Working Group, to prepare a blanks update. The SVO met with the industry team for the first time on Dec. 5. The goal is to have a blanks update to submit to the Blanks (E) Working Group early next year.

Reis, representing the ACLI, PPIA, and NASVA, met with Therriault, Julie Gann (NAIC), and vendors and said that they support all efforts. He said the meeting was fruitful and ensured that all potential pitfalls have been thought through so they can be addressed when the blanks exposure comes out.

## Draft Pending Adoption

Mears directed the SVO to continue working with industry in preparing a Blanks (E) Working Group proposal. She said this work will roll over to the new Investment Designation Analysis (E) Working Group next year.

### 5. Discussed a Notice in the P&P Manual to Recognize the New Committee Structure Effective Jan. 1, 2026

Mears said the next agenda item was to discuss a new notice in the P&P Manual to recognize the new committee structure, which will come into effect Jan. 1, 2026.

Mears stated that, at the direction of the Financial Condition (E) Committee, effective Jan. 1, 2026, this Task Force will be dissolved and replaced by a new committee structure. The Task Force will be replaced by the Invested Assets (E) Task Force, with the following three working groups reporting to it: 1) the Investment Analysis (E) Working Group, focused primarily on portfolio level analysis; 2) the Investment Designation Analysis (E) Working Group, focused primarily on analysis of individual investments for assignment of NAIC designations by the NAIC Investment Analysis Office (IAO); and 3) the Credit Rating Provider (E) Working Group, focused primarily on the administration of the CRP due diligence framework once it has been developed by the third-party consultant and adopted by regulators.

References to the Valuation of Securities (E) Task Force in the current version of the P&P Manual will need to be amended to reference the new Task Force and Working Groups, as appropriate. Most of the current functions of this Task Force will be assumed by the Investment Designation Analysis (E) Working Group, so most references to this Task Force should be replaced by it, but references to the Credit Rating Provider (E) Working Group, Investment Analysis (E) Working Group, and the Invested Assets (E) Task Force may be necessary as well. Making such updates and textual amendments for changing roles will be a time-consuming project, which the Investment Designation Analysis (E) Working Group intends to address over the course of 2026. In the interim, a disclosure will be included in the P&P Manual to recognize the new committee structure and clarify that references to the Valuation of Securities (E) Task Force will typically be deemed to refer to the Investment Designation Analysis (E) Working Group.

### 6. Received NAIC Staff Reports on The Projects of the Statutory Accounting Principles (E) Working Group and Risk-Based Capital Investment Risk and Evaluation (E) Working Group

Mears said the next agenda item was to hear updates on Statutory Accounting Principles (E) Working Group and Risk-Based Capital Investment Risk and Evaluation (E) Working Group projects.

Gann stated that this is an update on the investment-related items adopted or exposed at the Statutory Accounting Principles (E) Working Group. She said many items were adopted and exposed, and that this is a high-level list. She said the Working Group's website can be referenced for the complete listing.

Gann stated that the Statutory Accounting Principles (E) Working Group adopted a private security proposal effective Dec. 31, 2026. The proposal adds a new electronic column to all relevant schedules to identify whether the security is public, private, or Rule 144A. There is a new aggregate disclosure that will capture key investment information based on those categories, based on the schedule they are reporting. The Working Group also adopted revisions for debt disclosures, also effective Dec. 31, 2026. This is more of a cleanup item, not new disclosures. It makes all the disclosures for Statement of *Statutory Accounting Principles (SSAP) No. 21—Other Admitted Assets*, *SSAP No. 26—Bonds*, and *SSAP No. 43—Asset-Backed Securities* consistent in where they are reported in their financial statements, whether they were annually audited only, statutory financials, and the same note. The Working Group also incorporated disclosures for residuals because they did not have any specific disclosures, as well as a new item to identify whether residuals are following the practical expedient or the allowable earned yield method.

Regarding investment subsidiaries, the Working Group adopted the agenda items supporting the blanks revisions to remove the investment subsidiary concept from blanks reporting, as well as RBC. This concept has

## Draft Pending Adoption

not been in SSAP guidance since 2005, but the reporting still allowed the review of assets that were in an investment subsidiary. This is relevant because there was no transparency on specific assets, so if someone had a bond in an investment subsidiary with a PLR, it would not be known if that PLR had been filed in accordance with the Valuation of Securities (E) Task Force, but it could still be used for RBC purposes. Without the reporting, there is no more look-through RBC for those investment subsidiaries.

The Statutory Accounting Principles (E) Working Group also adopted guidance that allows residential mortgage loans that are held in trust to be separately reported on Schedule B under *SSAP No. 37—Mortgage Loans*. Those investments were often held in those investment subsidiaries, so by breaking them out, that population should be smaller. That guidance was adopted with a Jan. 1, 2027, effective date, but it could be applied as early as this year-end 2025 for companies that elect to do so. Those items were previously reported either on Schedule D, Part 6, Section 1, as an investment subsidiary or on Schedule BA. They will move to Schedule B.

Gann stated that regarding exposures, the Statutory Accounting Principles (E) Working Group has a new item for commitments and contingencies, and this proposes consolidating all commitment and contingency disclosures into a single disclosure to make it easy to identify all the information for regulators. It also incorporates a commitment and contingency column on Schedule D. It is currently on Schedule BA, but it will be added to Schedule D as well. The Working Group also exposed a new concept agenda item to conduct a detailed review of *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*, and make sure the accounting and reporting guidance is clear and consistently applied. Reviewing *SSAP No. 48* may end up being a large project.

Gann stated that the Statutory Accounting Principles (E) Working Group also exposed revisions to allow long-term repurchase agreements to be admitted. This does not revise the guidance for reverse repurchase agreements, which would still be subject to admittance based on whether they are short-term.

Gann stated that the Risk-Based Capital Investment Risk and Evaluation (E) Working Group will meet Dec. 15 since it did not meet at the Fall National Meeting. The purpose of the meeting is to hear an update from the Academy on the CLO project. During that call, it is also anticipated that an RBC structure change may be initially presented and exposed so that the RBC structure is ready to go for year-end 2026 to accommodate any revisions that come as a result of the CLO project. Consistent with the RBC process, the exposure will focus on structure, and then a second proposal will focus on factors based on the results of the project later in the year.

### 7. Received NAIC Staff Reports on The CRP Due Diligence Framework and FE Discretion Projects

Mears said the next agenda item was to hear updates on the CRP rating due diligence framework and filing exemption (FE) discretion projects.

Jeremy Phillips (PricewaterhouseCoopers—PWC) said that U.S. insurers depend on NAIC designations for statutory reporting and solvency monitoring. A significant portion of those designations is derived from the translation of CRP opinions to NAIC designations for FE and private letter securities. The NAIC's framework for the regulation of insurer investments and the creation of the new Invested Assets (E) Task Force and subsidiary working groups charged with the ongoing enhancement of regulatory policy relating to insurer investments contemplates the development and implementation of a CRP due diligence framework.

The main objective of the CRP due diligence framework project should be to establish a structured, scalable, and pragmatic process to support the NAIC's reliance on the translation of CRP ratings to NAIC designations, and the proposed framework that is being developed for regulator consideration is expected to provide practical oversight focused on areas where CRP ratings have the greatest potential impact on the insurance industry.

Currently, the CRP due diligence framework design is in progress. NAIC stakeholders and regulators acting as relevant Task Force members will be briefed on key design decisions along the way, and their feedback will be

## Draft Pending Adoption

incorporated as needed. Preliminary data analysis using NAIC historical ratings history and insurer statutory filings is underway. To supplement known data gaps with the NAIC available data repository, additional data were requested from each CRP. A data template was created for a historical ratings data call to all the CRPs. The template standardized the ratings history data necessary for the development of the framework's analytical component. The rating history data call was issued to all eight CRPs on Aug. 8, with a requested data submission deadline Nov. 6. Since making this request, there have been a number of calls and emails with the CRPs, including one with a rating agency trade group to discuss the data call, answer any questions, and coordinate transmission processes. One complete submission has been received, two test submissions have been received, active coordination is ongoing with four CRPs for test submissions, and the final CRP has indicated that it is actively working on the request. Review and normalization of the data provided to date is underway and will continue as more is received.

After the data analysis is complete, a completed draft CRP due diligence framework will be presented to the new Credit Rating Provider (E) Working Group, who will then determine whether it is ready to be exposed for public comment or whether further refinements will be required prior to such exposure. PWC expects to provide another status update with further details at the 2026 Spring National Meeting.

Therriault stated that the authority granted to the NAIC as part of the discretion project becomes effective Jan. 1, 2026. However, the systems needed to make the process operational, and the agreements needed to ensure the security of information and data, are still in the works. As a reminder, the process allows the NAIC to challenge ratings used in the FE process that it does not think are reasonable assessments of investment risk; however, the final decision on whether to maintain or remove a rating from FE eligibility will be made by regulators.

Mears said everyone looks forward to hearing more about each of these projects in 2026. She reminded attendees that the projects will be with their applicable working groups as of Jan. 1, 2026.

### 8. Discussed Other Matters

Mears said she wanted to take a moment to recognize that this was the Task Force's final meeting, and that it will be replaced by the Invested Assets (E) Task Force, Invested Assets (E) Working Group, Investment Designation Analysis (E) Working Group, and the Credit Rating Provider (E) Working Group. This is a big change, as the Valuation of Securities (E) Task Force has roots going back to 1907 when the NAIC Committee on the Valuation of Securities was formed to develop a uniform national valuation procedure. Now, almost 120 years later, as the NAIC aims to adapt regulation to better reflect the modern insurance investment environment, the Task Force is disbanding, and the committee names and structure are changing; however, the NAIC's mission to provide members with consistent, unbiased, and grounded investment assessments and research continues.

Mears thanked the Task Force members who have tackled complex issues throughout the Task Force's life, particularly in recent years. Mears thanked NAIC staff, specifically Therriault, Marc Perlman (NAIC), and Eric Kolchinsky, who recently departed the NAIC, for their tireless commitment. She also thanked interested parties for their continued constructive engagement. Mears stated that despite the new names, the Task Force's important work will continue, and she looks forward to working with everyone in 2026.

Having no further business, the Valuation of Securities (E) Task Force adjourned.

[https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2025/2025-12-10 - NAIC Fall NM/Minutes/VOSTF\\_2025-12-10\\_Fall\\_2025\\_NM\\_Final.docx](https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2025/2025-12-10 - NAIC Fall NM/Minutes/VOSTF_2025-12-10_Fall_2025_NM_Final.docx)



To: Kenneth Cottrone, Chair, Investment Designation Analysis (E) Working Group  
Members of the Investment Designation Analysis (E) Working Group

From: Charles A. Therriault, Director, NAIC Securities Valuation Office  
Marc Perlman, Managing Investment Counsel, NAIC Securities Valuation Office

Re: Proposed P&P Manual Amendment to Update the List of NAIC Credit Rating Providers

Date: February 26, 2026

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**Summary:** The credit rating provider (CRP) HR Ratings de Mexico, SA de CV made a request to the U.S. Securities and Exchange Commission (SEC) that their full name be updated to HR Ratings LLC with the name of their credit rating business being referred to as HR Ratings. That request was granted and the SEC now refers to this CRP as HR Ratings LLC on the Office of Credit Ratings (OCR) webpage listing the Current NRSROs.

**Recommendation:** The SVO staff recommends adoption of the attached non-substantive technical amendment to update the name of HR Ratings de Mexico, SA de CV to HR Ratings LLC on the List of NAIC Credit Rating Providers in Part Three, paragraph 24.



**PART THREE**  
**SVO PROCEDURES AND METHODOLOGY FOR PRODUCTION OF NAIC DESIGNATIONS**



## LIST OF NAIC CREDIT RATING PROVIDERS

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24. The CRPs that provide Credit Rating Services to the NAIC are:

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- **HR Ratings ~~LLC de Mexico, S.A. de C.V.~~** – For credit ratings issued to financial institutions, brokers, or dealers; corporate issuers and issuers of government securities, municipal securities, or securities issued by a foreign government.

**NOTE:** The information shown above for each NRSRO was obtained from the SEC’s website: [www.sec.gov/ocr](http://www.sec.gov/ocr) on ~~February 26, 2026~~ ~~June 28, 2024~~, and confirmed against each NRSRO’s annual Form NRSRO certification.

...

<https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2026 IDAWG/2026-03 Spring National Meeting/02 CRP Name Update/2026-002.01 CRP Name Update.docx>

TO: Ken Contron, Chair, Investment Designation Analysis (E) Working Group  
Members of the Investment Designation Analysis (E) Working Group

FROM: Charles A. Therriault, Director, NAIC Securities Valuation Office  
Marc Perlman, Managing Investment Counsel, NAIC Securities Valuation Office

CC: Carrie Mears, Chair, Invested Assets (E) Task Force  
Doug Stolte, Vice Chair, Invested Assets (E) Task Force

RE: Recommendation to Add a Combined Security Identifier and Security Identifier Type  
Field to the Annual and Quarterly Financial Statements

DATE: March 6, 2026

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**Summary:** At the NAIC's 2025 Fall National Meeting the Securities Valuation Office (SVO) put forward a recommendation to the Valuation of Securities (E) Task Force that the annual and quarterly financial statement investment schedules be updated to combine investment security identifiers such as the Committee on Uniform Securities Identification Procedures (CUSIP), CUSIP International Numbering System (CINS), Private Placement Number (PPN) and the International Securities Identification Number (ISIN) into a single reporting field called Security Identifier paired with a Security Identifier Type field. The objective of combining these fields is to improve investment security identification and integration with other NAIC systems, data, and reporting.

**Recommendation:** The SVO recommends combining the current CUSIP "like" fields (e.g. CUSIP, CINS, PPN) with the electronic only ISIN field and adding a new identifier, S&P Global's LoanX ID (LXID) (formerly IHS Marketit LoanX ID), into a single Security Identifier field (Security ID) and adding a new field to identify the Security ID Type. The only additional identifier being proposed at this time is the LoanX IDs (LXIDs), which are unique identifiers developed to track individual loans, borrowers, and lenders in the syndicated loan and private credit markets. All of these identifiers are included in S&P Global's Global Instruments Cross Reference Service (GICRS) database of global security identifiers that cross-references approximately 92 million instruments. The NAIC is in the process of integrating the GICRS data into its systems.

The Security ID Type field would be an abbreviation to denote the type of security identifier being reported: C=CUSIP and CINS (including syndicated loans with an CUSIP), I=ISIN (including syndicated loans with an ISIN), P=PPN and L=LXID. This change would also permit additional security identifiers to be added in the future, as needed. The table below would be an example of the new fields. We recommend including in the annual and quarterly statement instructions the following preferred order prioritization of security identifiers: CUSIP, CINS, ISIN, PPN and LXID.

We also recommend defining two special situation Security IDs to accommodate commonly reported issues. The first would be for securities acquired within the initial reporting year of the financial statement reporting date that have not yet been issued an NAIC recognized Security ID but where one was requested. A temporary Security ID of "000000000" would be used for that initial reporting year until the Security IDs is assigned. The temporary Security ID of "000000000" could only be used one time, in the initial reporting year, but would need to be changed to an identifier of "999999999" in any subsequent reporting year. The second special situation Security ID would be for securities that the insurer does not expect to receive a Security ID and an identifier of "999999999" would be used to clearly identify these securities as not having an NAIC recognized Security ID. The Security ID of "000000000" and "999999999" would not have a Security ID Type. Securities with the Security IDs of "000000000" and "999999999" would still need to follow the P&P Manual guidance to determine the NAIC Designation Category and the appropriate use of the administrative symbols.

Security ID	Security ID Type
123456AB7	C
U12345ABX	C
US123456AB79	I
123456#B7	P
LX118650	L
000000000	
999999999	

As previously reported, the SVO worked with the Financial Regulatory Services (FRS) staff to quantify the number of invalid or missing security identifiers that were reported on Schedule D as of December 31, 2024, when compared to the GICRS database along with the associated book adjusted carry value (BACV). A summary of that review is in the table to the right. There were 10,053 missing or invalid security identifiers that collectively represented \$55 billion in BACV.

Exception Type	Count of Unique Securities	Book Adjusted Carrying Value
Missing CUSIP/CINS and invalid ISIN	541	\$2,230,792,136
Missing CUSIP/CINS and missing ISIN	1,628	\$11,497,712,295
Invalid CUSIP/CINS and missing ISIN	7,113	\$38,973,030,638
Invalid CUSIP/CINS and invalid ISIN	771	\$2,299,282,036
<b>Grand Total</b>	<b>10,053</b>	<b>\$55,000,817,105</b>

The SVO requests the Working Group's approval to submit referrals to the Capital Adequacy (E) Task Force and the Statutory Accounting Principles (E) Working Group notifying them of this proposed change and asking for their feedback, and a separate referral to the Blanks (E) Working Group requesting these security identifier updates.

<https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2026 IDAWG/2026-03 Spring National Meeting/03 Security Identifier/2025-009.03 Security Identifier Summary.docx>



TO: Ken Cotrone, Chair, Investment Designation Analysis (E) Working Group  
Members of the Investment Designation Analysis (E) Working Group

FROM: Charles A. Therriault, Director, NAIC Securities Valuation Office  
Marc Perlman, Assistant Director-Investment Counsel, NAIC Securities Valuation Office  
Hankook Lee, Assistant Director, NAIC Structured Securities Group and Capital Markets Bureau

RE: Proposed Amendment to the Purposes and Procedures Manual of the NAIC Investment Analysis Office (the “Purposes and Procedures Manual”) to Clarify Assessment of Parent-Subsidiary Situations

DATE: February 24, 2026

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**Summary:** The “Parent-Subsidiary Situations” section of the Purposes and Procedures Manual (Part Three, Paragraph 38) provides specific guidelines for assessing a subsidiary issuer based on the audited financial statements of its parent holding company. The SVO has become aware that these guidelines are often read in isolation as the only way to rely on an issuer’s parent’s financial statements when more analytic latitude is permitted.

The SVO proposes the following update to Paragraph 38 to clarify that while the Purposes and Procedures Manual currently delineates certain prescribed guidelines for use of the financial statements of an issuing subsidiary’s parent, the SVO can also rely on other information which it deems satisfactory to support such use.

**Proposed Amendment** –The proposed changes to the current P&P Manual are shown below with additions in red underline font color and deletions in ~~red strikethrough~~.



**PART THREE**  
**SVO PROCEDURES AND METHODOLOGY FOR PRODUCTION OF NAIC**  
**DESIGNATIONS**

<b>FINANCIAL ANALYSIS</b>
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**Parent-Subsidiary Situations**

38. In the case of transactions involving a parent holding company with an Audited Financial Statement and an issuing subsidiary without a separate Audited Financial Statement, the SVO may use the financial statements of the parent holding company as if they were prepared for the issuing subsidiary when (i) the consolidating work papers relating to the issuing subsidiary are provided, ~~(ii) or when~~ the operations of the parent: (a) are limited solely to owning the issuing subsidiary; and (b) the issuing subsidiary constitutes at least 97% of the parent's pre-tax income and assets on a consolidated basis, or (iii) the SVO has determined there is other satisfactory support for such use.

[https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2026 IDAWG/2026-03 Spring National Meeting/04 Parent\\_Sub subsidiary Situations/2026-0003.01 PP\\_Manual\\_ParentSubsidiary\\_v3.docx](https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2026 IDAWG/2026-03 Spring National Meeting/04 Parent_Sub subsidiary Situations/2026-0003.01 PP_Manual_ParentSubsidiary_v3.docx)



**TO:** Kenneth Cottrone, Chair, Investment Designation Analysis (E) Working Group  
Members of the Investment Designation Analysis (E) Working Group

**FROM:** Charles A. Therriault, Director, NAIC Securities Valuation Office (SVO)  
Marc Perlman, Managing Investment Counsel, NAIC Securities Valuation Office (SVO)

**CC:** Mark Sagat, Director, NAIC Investment Analysis Office (IAO)

**RE:** SVO 2025 Carry Over Filings

**DATE:** February 26, 2026

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As required by Part Two, paragraph 187 of the 2025 Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual), the SVO Director shall prepare a report to be presented to the Investment Designation Analysis (E) Working Group (IDAWG, formerly the Valuation of Securities (E) Task Force) at the Spring National Meeting, identifying an acceptable annual rate of the carryover population for the year-end reporting period. Carry-over filings are those insurer-owned securities that were properly filed with the SVO but were not completed by the SVO prior to year-end. There are separate special reporting instructions to insurers and the SVO in the P&P Manual for carry-over filings. The report will identify whether the acceptable annual carryover rate was significantly exceeded and, if so, whether the cause is traceable to resource constraints. If so, the chairs and members of IDAWG will consult with NAIC senior staff and the NAIC Internal Administration (EX1) Subcommittee to determine whether and how to evaluate the need for additional SVO staff or other resources.

For 2025, the SVO reviewed 23,319 filings comprised of 5,665 initial filings, 17,383 annual updates, 2 appeals, 250 material changes, and 19 renumbering requests (e.g. CUSIP changes). In comparison, in 2024, the SVO reviewed 19,443 filings comprised of 4,480 initial filings, 14,685 annual updates, 3 appeals, 253 material changes, and 22 renumbering requests (e.g. CUSIP changes). This was a 19.9% overall increase in filings for the year primarily due to Private Letter Rating filings increasing by 49.1%. Total Private Letter Ratings filings have risen from 1,961 filings in 2022 to 12,269 filings in 2025, a 525.7% increase over the three-year period.

## 2025 Completed Filings

Category	Filing Type						Grand Total
	Initial	Annual	Appeal	Material Change	Renumbering Requests		
Corporate	1,231	5,382	2	1	19		6,635
Counterparty Derivatives	6	59	-	-	-		65
ETF	25	244	-	-	-		269
Money Market Fund	28	180	-	-	-		208
Municipal	90	141	-	-	-		231
Private Letter Rating	3,638	8,631	-	-	-		12,269
QUSFI	13	138	-	-	-		151
Regulatory Transaction	-	18	-	-	-		18
RTAS	-	45	-	-	-		45
Sovereign	48	11	-	-	-		59
Structured Securities	586	2,534	-	249	-		3,369
<b>Grand Total</b>	<b>5,665</b>	<b>17,383</b>	<b>2</b>	<b>250</b>	<b>19</b>		<b>23,319</b>

## 2024 Completed Filings

Category	Filing Type						Grand Total
	Initial	Annual	Appeal	Material Change	Renumbering Requests		
Corporate	1,084	5,491	3	5	22		6,605
Counterparty Derivatives	4	58					62
ETF	19	241					260
Money Market Fund	71	141					212
Municipal	149	136					285
Private Letter Rating	2,664	5,565					8,229
QUSFI	11	134					145
Regulatory Transaction	3	9					12
RTAS	48	-					48
Sovereign	6	19					25
Structured Securities	421	2,891		248			3,560
<b>Grand Total</b>	<b>4,480</b>	<b>14,685</b>	<b>3</b>	<b>253</b>	<b>22</b>		<b>19,443</b>

There were 2,177 carry-over filings for year-end 2025 versus 1,496 in 2024, 1,262 in 2023, 1,199 in 2022 and 828 in 2021, a progressive and substantial increase over the past five years. The 2025 carry-over filings comprised 683 receiving a "IF" for an accepted initial filing and 1,494 receiving a "YE" for an accepted annual update, representing an overall carry-over rate for 2025 for all filings of 9.3%. The 2025 overall carry-over rate of 9.3% is higher than the carry-over rates of 7.5% in 2024, 8.1% for 2023, 9.2% for 2022 and 6.7% for 2021. As of Feb. 26, there were still 1,143 carry-over filings remaining.

As was reported in prior years, a carry-over rate of 10% or higher would typically be an indication that there is an analytical resource constraint issue for the SVO. However, the increasingly high number of Private Letter Rating filings has distorted the overall carry-over percentage. A better measure of the offices' overall analytical workload would be to exclude the Private Letter Rating filings from the carry-over rate calculation. The carry-over percentage excluding Private Letter Rating filings shows how much

of the office's resources are being directed away from traditional SVO filings to focus on Private Letter Ratings.

Excluding Private Letter Rating filings shows a carry-over percentage for traditional SVO filings consistently increasing from 10.8% in 2023, 13.3% in 2024 and now 19.7% in 2025. The 2025 carry-over rate for traditional SVO filings is now almost double the 10% threshold traditionally used to indicate an analytical staffing resource constraint and demonstrates the need for additional analytic resources. The SVO has been deferring an increasing amount of its work on traditional SVO filings further into the next calendar year and past year-end to ensure that insurers owning securities with a Private Letter Rating have an NAIC Designation to report at year-end. If we did not process these Private Letter Rating filings insurers would potentially incur a punitive NAIC Designation Category. As Private Letter Rating volume continues to grow, the volume of carry-over filings for traditional SVO filings will continue to increase and those reviews will take longer, meaning regulators and insurers will not have the benefit of a recently updated NAIC Designation for traditional filings to report at year-end. There is also an increasing likelihood that soon not all Private Letter Rating filings will be processed before year-end.

The year-end carry-over rate does not provide any insight into the technology resource needs of the SVO team. The SVO continued to make improvements to private letter rating filing process. The team continues to work on permitting multiple security identifiers (e.g. ISINs) utilizing S&P's business entity cross reference service (BECRS) and global identifier cross reference service (GICRS) but full functionality has not been achieved. There has also been work on updating the billing processes in IAO systems and enhancing VISION and configuring the secure data room to operationalize the Filing Exempt Discretion process. Other initiatives such as improving the efficiency of handling the

2025 Filings By Major Industry

Major Industry Group	Number of Filings	% of Filings
Agricultural Production Crops	23	0.1%
Agricultural services	142	0.6%
Agriculture Production Livestock and Animal Specialties	7	0.0%
Amusement and recreation services	320	1.4%
Apparel and accessory stores	14	0.1%
Apparel and other finished products made from fabrics and similar materials	43	0.2%
Automotive dealers and gasoline service stations	17	0.1%
Automotive repair, services, and parking	167	0.7%
Building Construction General Contractors and Operative Builders	62	0.3%
Building materials, hardware, garden supply, and mobile home dealers	41	0.2%
Business services	1,232	5.3%
Chemicals and allied products	354	1.5%
Coal mining	3	0.0%
Communications	151	0.6%
Construction Special Trade Contractors	270	1.2%
Depository institutions	285	1.2%
Eating and drinking places	37	0.2%
Educational services	290	1.2%
Electric, gas, and sanitary services	2,779	11.9%
Electronic and Other Electrical Equipment and Components, except Computer Equipment	474	2.0%
Engineering, accounting, research, management, and related services	541	2.3%
Executive, legislative, and general government, except finance	11	0.0%
Fabricated metal products, except machinery and transportation equipment	104	0.4%
Fishing, hunting, and trapping	16	0.1%
Food and kindred products	398	1.7%
Food stores	188	0.8%
Forestry	16	0.1%
Furniture and fixtures	16	0.1%
General merchandise stores	13	0.1%
Health services	671	2.9%
Heavy Construction Other Than Building Construction Contractors	84	0.4%
Holding and other investment offices	1,529	6.6%
Home furniture, furnishings, and equipment stores	32	0.1%
Hotels, rooming houses, camps, and other lodging places	39	0.2%
Industrial and commercial machinery and computer equipment	370	1.6%
Insurance agents, brokers, and service	139	0.6%
Insurance carriers	206	0.9%
Leather and leather products	2	0.0%
Legal services	36	0.2%
Local and suburban transit and interurban highway passenger transportation	23	0.1%
Lumber and wood products, except furniture	37	0.2%
Measuring, Analyzing, and Controlling Instruments; Photographic, Medical and Optical Goods	245	1.1%
Metal mining	27	0.1%
Mining and quarrying of nonmetallic minerals, except fuels	35	0.2%
Miscellaneous manufacturing industries	220	0.9%
Miscellaneous repair services	19	0.1%
Miscellaneous retail	106	0.5%
Miscellaneous Services	74	0.3%
Motion pictures	14	0.1%
Motor freight transportation and warehousing	94	0.4%
Museums, art galleries, and botanical and zoological gardens	9	0.0%
National security and international affairs	8	0.0%
Nonclassifiable Establishments	51	0.2%
Non-Depository Credit Institutions	722	3.1%
Oil and gas extraction	200	0.9%
Paper and allied products	104	0.4%
Personal services	43	0.2%
Petroleum refining and related industries	77	0.3%
Pipelines, except natural gas	66	0.3%
Primary metal industries	28	0.1%
Printing, publishing, and allied industries	52	0.2%
Private households	3	0.0%
Public finance, taxation, and monetary policy	21	0.1%
Railroad transportation	39	0.2%
Real estate	1,308	5.6%
Rubber and miscellaneous plastics products	53	0.2%
Security and commodity brokers, dealers, exchanges, and services	322	1.4%
Social services	38	0.2%
Stone, clay, glass, and concrete products	69	0.3%
Textile mill products	23	0.1%
Transportation by air	300	1.3%
Transportation equipment	322	1.4%
Transportation services	306	1.3%
Water transportation	220	0.9%
Wholesale Trade-Durable Goods	449	1.9%
Wholesale Trade-Non-Durable Goods	230	1.0%
(blank)	6,240	26.8%
<b>Grand Total</b>	<b>23,319</b>	<b>100.0%</b>

documents received by insurers, improving overall filing efficiency, automating manual processes, improved reporting and controls, complete ratings history and the electronic delivery of private rating letter rationale reports are in the very early stages of analysis.

The table to the above is a summary of filings completed by 76 major industry groups, which are groupings of 744 different Standard Industrial Classification codes (SIC Codes) on which the SVO received filings. There were 6,240 filings without an SIC Code major industry grouping. The missing codes are most often associated with the filing of replication synthetic asset transactions (RSATs), structured settlements, credit tenant loans, municipal securities, QUSFI filings and some private rating filings.

<https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2026 IDAWG/2026-03 Spring National Meeting/05 Carryover Filings/2026-004.01 - 2025 Carry-Over Filings.docx>

The Investment Analysis (E) Working Group anticipates dedicating time over the coming months to a series of educational and analytical discussions to enhance regulatory understanding of emerging investment trends and evolving risk characteristics across insurer portfolios. These discussions are intended to support consistent supervisory oversight and shared understanding across jurisdictions.

The topics outlined below reflect areas of current focus based on observed industry activity, regulatory experience, and ongoing analytical work. This tentative work plan is not intended to be exhaustive or limiting and may evolve in response to market conditions, regulator feedback, and available resources.

### **Anticipated Areas of Discussion**

#### **Mortgage Loan Investment Trends**

The Working Group anticipates discussions on recent industry trends in mortgage loan investments, including how insurers allocate across loan categories based on factors such as loan-to-value ratios and debt service coverage measures. The objective is to provide regulators with additional context around evolving exposure profiles and sensitivity to economic conditions.

Subsequent to the public Task Force presentation, the Working Group plans continued analysis in insurer participation in residential mortgage lending, including underwriting approaches, commonly used loan structures, and ongoing performance monitoring practices, including reviewing individual insurer holdings and hearing perspectives from insurers and other market participants. Topics may include how insurers assess credit quality, collateral considerations, liquidity risk, and the metrics used to monitor these exposures over time. These discussions may result in recommendations or referrals for public discussion of whether existing reporting and capital frameworks remain aligned with observed risk characteristics.

#### **Industry Trends in Less-Observable Investments**

The Working Group expects to review industry-level trends in investments that rely more heavily on internal valuation methodologies, often referred to as Level 3 assets. Discussions may include longer-term growth patterns, concentration considerations, and observed impairment activity, with the goal of improving awareness of valuation uncertainty and risk-monitoring practices.

In terms of Level 3 reporting, the Working Group may examine illustrative examples of insurer approaches used to identify and evaluate other-than-temporary (OTTI) impairments. Discussions may highlight how qualitative judgment and quantitative indicators are incorporated into impairment assessments, as well as the role of governance and

documentation. These discussions are intended to be educational rather than prescriptive, and the Working Group will plan to provide an update to the Task Force on any key observations.

### **Bond Issuer and Structured Securities Reporting**

The Working Group anticipates reviewing aggregated industry data related to newer bond reporting definitions and structured security classifications. Discussions may highlight emerging reporting attributes, such as payment-in-kind features, leverage characteristics, and other structural elements relevant to risk assessment.

### **Capital Markets Research and Analytical Outputs**

The Working Group expects to receive an overview of planned Capital Markets research initiatives and analytical products intended to support regulatory analysis and public transparency, including opportunities for regulator feedback to help inform future research priorities.

This tentative work plan is intended to enhance transparency regarding potential areas of discussion by the Investment Analysis (E) Working Group over the coming months. By providing advance visibility into anticipated topics, the Working Group seeks to support informed dialogue and strengthen regulatory awareness across the insurance industry while retaining flexibility to adjust priorities as market conditions evolve and emerging risks warrant attention.