

Draft date: 11/21/25

*2025 Fall National Meeting
Hollywood, Florida*

VALUATION OF SECURITIES (E) TASK FORCE

Wednesday, December 10, 2025

11:45 a.m. – 12:45 p.m.

Diplomat Convention Center—Great Hall 3–6—Level 3

ROLL CALL

NAIC Member

Doug Ommen, Chair
Andrew N. Mais, Vice Chair
Mark Fowler
Heather Carpenter
Ricardo Lara
Michael Yaworsky
Dean L. Cameron
Ann Gillespie
Vicki Schmidt
Timothy J. Temple
Marie Grant
Michael T. Caljouw
Grace Arnold
Angela L. Nelson
Remedio C. Mafnas
Eric Dunning
Justin Zimmerman
Kaitlin Asrow
Jon Godfread
Judith L. French
Glen Mulready
Michael Humphreys
Carter Lawrence
Cassie Brown
Jon Pike
Scott A. White
Patty Kuderer
Nathan Houdek

Representative

Carrie Mears, Chair
Ken Cotrone, Vice Chair
Sanjeev Chaudhuri
David Phifer
Laura Clements
Anoush Brangaccio
Eric Fletcher
Matt Cheung
Tish Becker
Tom Travis
Gilbert Mendoza
John Turchi
Fred Andersen
Danielle Smith
Maryann Borja-Arriola
Tadd Wegner
Justin Zimmerman
Bob Kasinow
Matt Fischer
Cameron Piatt
Ryan Rowe
Diana Sherman
Trey Hancock
Amy Garcia
Jake Garn
Doug Stolte
Steve Drutz
Amy Malm

State/Territory

Iowa
Connecticut
Alabama
Alaska
California
Florida
Idaho
Illinois
Kansas
Louisiana
Maryland
Massachusetts
Minnesota
Missouri
N. Mariana Islands
Nebraska
New Jersey
New York
North Dakota
Ohio
Oklahoma
Pennsylvania
Tennessee
Texas
Utah
Virginia
Washington
Wisconsin

NAIC Support Staff: Charles Therriault/Marc Perlman



AGENDA

Discuss and Consider Adoption of:

- | | |
|--|--|
| 1. Its Summer National Meeting Minutes
(Doc. ID: 2025-001.11)
— <i>Carrie Mears (IA)</i> | Attachment One |
| 2. A Proposed Amendment to the <i>Purposes and Procedures Manual of the NAIC Investment Analysis Office</i> (P&P Manual) to Permit a 30-Day Filing Grace Period to Provide the Private Rating Letter Annual Update
(Doc. ID: 2025-008.01, 2025-008.02, 2025-008.03)
— <i>Carrie Mears (IA), Charles Therriault (NAIC), and Marc Perlman (NAIC)</i> | Attachment Two
Attachment Two-A
Attachment Two-B |
| 3. A Proposed P&P Manual Amendment to Change the Effective Date for the Financial Modeling of Collateralized Loan Obligations (CLOs) by the Structured Securities Group (SSG) to 2026
(Doc. ID: 2025-010.01, 2025-010.02)
— <i>Carrie Mears (IA), Charles Therriault (NAIC), Marc Perlman (NAIC), and Hankook Lee (NAIC)</i> | Attachment Three
Attachment Three-A |

Discuss:

- | | |
|---|--------------------------------------|
| 4. A Proposed Annual Statement Schedule Update for Security Identifiers (IDs)
(Doc. ID: 2025-009.01, 2025-009.02)
— <i>Carrie Mears (IA) and Charles Therriault (NAIC)</i> | Attachment Four
Attachment Four-A |
| 5. A Notice to Recognize the New Committee Structure Effective Jan. 1, 2026
(Doc. ID: 2025-012.01)
— <i>Carrie Mears (IA), Charles Therriault (NAIC), and Marc Perlman (NAIC)</i> | Attachment Five |

Receive NAIC Staff Reports on:

- | | |
|--|--|
| 6. The Projects of the Statutory Accounting Principles (E) Working Group and Risk-Based Capital Investment Risk and Evaluation (E) Working Group
— <i>Carrie Mears (IA) and Julie Gann (NAIC)</i> | |
|--|--|



7. The Credit Rating Provider (CRP) Rating Due Diligence Framework and Filing Exemption (FE) Discretion Projects
—*Charles Therriault (NAIC) and PricewaterhouseCoopers (PwC)*
8. Discuss Any Other Matters Brought Before the Task Force
9. Adjournment

Draft Pending Adoption

Draft: 8/20/25

Valuation of Securities (E) Task Force
Minneapolis, MN
August 12, 2025

The Valuation of Securities (E) Task Force met in Minneapolis, MN, Aug. 12, 2025. The following Task Force members participated: Doug Ommen, Chair, represented by Carrie Mears (IA); Andrew N. Mais, 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 Amber Re (ID); Ann Gillespie represented by Matt Cheung (IL); Vicki Schmidt represented by Tish Becker (KS); Timothy J. Temple represented by Tom Travis (LA); Marie Grant represented by Gilbert Mendoza (MD); Grace Arnold represented by Fred Andersen (MN); Angela L. Nelson represented by Danielle Smith (MO); Jon Godfread represented by Matt Fischer (ND); Eric Dunning represented by Tadd Wegner (NE); Justin Zimmerman represented by Nakia Reid (NJ); Adrienne A. Harris represented by Bob Kasinow (NY); Judith L. French represented by Cameron Piatt (OH); Glen Mulready represented by Eli Snowbarger (OK); Michael Humphreys represented by Diana Sherman (PA); Carter Lawrence represented by Trey Hancock (TN); Cassie Brown represented by Amy Garcia (TX); Jon Pike represented by Cambria Shore (UT); Scott A. White represented by Doug Stolte (VA); Patty Kuderer represented by Steve Drutz and Katy Bardsley (WA); and Nathan Houdek represented by Amy Malm (WI).

1. Adopted its June 4 and Spring National Meeting Minutes

The Task Force met June 4 and took the following action: 1) exposed two proposed *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) amendments; and 2) exposed a P&P Manual technical amendment to put caps on NAIC designations of credit rating provider (CRP)-rated securities.

Garcia made a motion, seconded by Clements, to adopt the Task Force's June 4 (Attachment One) and March 25 (see *NAIC Proceedings – Spring 2025, Valuation of Securities (E) Task Force*) minutes. The motion passed unanimously.

2. Adopted an Amendment to the P&P Manual to Require the Filing of Private Rating Letter Rationale Reports Within 90 Days of the Annual Update or a Rating Change

Mears said the next item was a revised proposed P&P Manual amendment to require the filing of private rating letter Rationale Reports within 90 days of an annual rating update or any rating change. The Task Force discussed this revised amendment during its June 4 meeting and exposed it for a 14-day public comment period that ended June 18.

Since Jan. 1, 2024, all private letter (PL) securities (other than waived submission PL rating securities) have required a corresponding "private rating letter rationale report," which is filed with the Securities Valuation Office (SVO) in order to be eligible for the filing exemption (FE) process. The revised amendment establishes a 90-day deadline to submit a new or updated private rating letter rationale report following the date of the required annual rating update or following a rating change. A new private rating letter rationale report would not be required for other rating affirmations or confirmations if the rating did not change. If the private rating letter rationale report is not filed during that time, the private rating on the security would become ineligible for FE. The security rating could become eligible for FE again when the SVO receives the private rating letter rationale report related to such rating action.

The Task Force received one joint comment letter from the American Council of Life Insurers (ACLI), Private Placement Investors Association (PPIA), and National Association of Securities Valuation Analysts (NASVA) in support of the revised amendment.

Draft Pending Adoption

Mike Reis (Northwestern Mutual), representing the ACLI, PPIA, and NASVA, expressed gratitude and support for considering their feedback in a workable manner.

Malm made a motion, seconded by Fischer, to adopt the revised P&P Manual amendment to require the filing of private rating letter rationale reports within 90 days of the required annual rating update or following a rating change (Attachment Two). The motion passed unanimously.

3. Adopted a Revised P&P Manual Amendment to Require that Private Rating Letter Rationale Reports Possess Analytical Substance

Mears said the next item was a revised proposed P&P Manual amendment to clarify the intent of the policy to submit private rating letter rationale reports. The SVO has reported receiving private rating letter rationale reports that do not possess any substantive analysis. Included in the SVO's memorandum accompanying the revised amendment is an anonymized actual rating rationale report that clearly does not possess any analytical substance. That rationale report says that the CRP "... *consider(ed) ... baseline macroeconomic scenarios for rated sovereign economies ...*" but does not include any information on the scenarios, which countries they are related to, or how that information relates to the rating assigned to the investment. There are no numbers, financial trends, ratios, or analysis of any kind in the brief single paragraph purporting to be a rationale report, only text that vaguely describes things that were supposedly looked at. Private letter rating rationale reports must provide transparency and information about how the rating came to be. Many of the private letter rating rational reports received possess analytical substance. It is more of an exception than the rule that they do not have the expected analytical purpose.

This amendment and its impact are not a judgment on the rating itself, but rather whether the rational report includes enough information to explain and document the rating assigned.

The Task Force received a joint comment letter from the ACLI, PPIA, and NASVA in support of the revised amendment. Reis, representing the ACLI, PPIA, and NASVA, expressed appreciation for considering their feedback in a workable manner. A comment letter was also received from Morningstar DBRS.

Drutz made a motion, seconded by Piatt, to adopt the revised P&P Manual amendment to require that private rating letter rationale reports possess analytical substance (Attachment Three). The motion passed unanimously.

4. Adopted a P&P Manual Technical Amendment to Put Caps on NAIC Designations of CRP-Rated Securities

Mears said the next item was to discuss and consider adoption of a technical amendment to put caps on NAIC designations assigned by the SVO, including NAIC CRP-rated securities.

Marc Perlman (NAIC) said that in November 2024, the Task Force adopted an amendment to the P&P Manual to replace the concept of credit risk and related terms, including "credit quality," with the concept of investment risk. Two P&P Manual sections concern a cap on allowable NAIC designations, in which replacing "credit quality" with "investment risk" reversed the intended meaning of the sections.

The sections in Parts One and Three of the P&P Manual, titled "NAIC Designation is Capped to Highest NAIC CRP Rating," are intended to limit an SVO-assigned NAIC designation on a security that already holds a rating from a CRP to no higher than the CRP rating equivalent. Being SVO-assigned means that a policy has not been assigned through FE or the Structured Securities Group (SSG).

In both sections, the original P&P Manual language said that the SVO shall not assign a designation on such already rated security that would "express an opinion of credit quality HIGHER than that indicated by," the CRP rating. Higher credit quality means a higher NAIC designation.

Draft Pending Adoption

When swapping “credit quality” with “investment risk,” the P&P Manual sections now say that the SVO shall not assign a designation on such already rated security that would “express an opinion of investment risk HIGHER than that indicated by,” the CRP rating. However, higher investment risk means a lower NAIC designation. The SVO, therefore, proposed revised language to clarify that these two sections are intended to remain as caps.

One joint comment letter was received from the ACLI, PPIA, and NASVA, which raised two concerns with the proposed amendment. The first concern is that the first occurrence of the “Caps” section is found in Part One of the P&P Manual under the broader headings of “Filing Exemptions” and “Application of the FE Procedure to Specific Populations,” leading to possible confusion as to whether the caps section applies to the FE process. The caps section, however, falls under a subheading called “Limitations on Use of NAIC CRP Ratings,” which is intended to provide clarity around further use of NAIC CRP ratings, including situations outside the FE process.

The second concern from the comment letter was whether the caps would apply to designations assigned by the SSG; specifically, whether tranches of a collateralized loan obligation (CLO) could be designated higher than, or would be capped by, an NAIC CRP rating on that tranche.

The potential for clarifying language was added to ensure users understood this policy only applied to SVO-assigned designations. In further discussions, the placement of this section within the P&P Manual warrants further review around whether more substantive changes are appropriate to reflect current practices. The SVO reiterates that there is no change to current practices from this edit, which is simply to correct the inappropriate sentence structure. Therefore, the SVO recommends that the Task Force adopt the language without the edit, that being the avoidance of doubt provisions, but also direct the SVO to do a more fulsome analysis of whether further changes are warranted.

Reis, representing the ACLI, PPIA, and NASVA, said the companies had no issue with the original intent of the exposure, which was to address the inverse relationship between NAIC designation and risk. The broader concerns, given the confusion highlighted, can be figured out. He said the companies are supportive of what is being proposed to be adopted.

Drutz made a motion, seconded by Clements, to adopt the P&P Manual amendment, without the proposed clarifying language, to place a cap on SVO-assigned NAIC designations of CRP-rated securities (Attachment Four). The motion passed unanimously.

5. Exposed a P&P Manual Amendment to Permit a 30-Day Filing Grace Period to Provide the Private Rating Letter Annual Update

Mears said the next item was a proposed P&P Manual amendment to permit a 30-day filing grace period to provide the private rating letter annual updates.

Charles Therriault (NAIC) said that at the 2024 Fall National Meeting, the Task Force agreed to permit insurers a 30-day filing grace period after an NAIC CRP renews a PL rating to provide the annual update to the SVO. The objective of the grace period was to avoid the need to deactivate PL ratings that received an annual update close to year-end. If it came through in December, it would be deactivated at year end. The amendment gives a 30-day grace period for PL rating annual updates regardless of what time of year they occur.

The SVO recognizes that insurers need time to provide PL rating annual updates to the SVO, particularly if they are manual, after they receive them from the CRPs, and recommends granting insurers a 30-day grace period to provide the PL rating annual updates.

Mears said the 30 days are for the PL rating and providing that update. The earlier adopted 90-day allowance to file is to provide the accompanying rationale.

Draft Pending Adoption

Mears directed the SVO to expose the P&P Manual amendment to permit a 30-day filing grace period to provide the private rating letter annual update for a 30-day public comment period ending on Sept. 12.

6. Exposed an Annual Statement Schedule Update for Security IDs

Mears said the next item was to discuss and consider for referral a proposed update to the annual statement schedule for security identifiers (IDs).

Therriault said that in a number of reports that the SVO team has run for the Task Force over the past several years, it has encountered security IDs that it could not find in S&P Global's Global Instruments Cross Reference Service (GICRS) database. The GICRS database of global security IDs cross-references approximately 92 million instruments and includes all the IDs currently permitted by the NAIC for reporting on Schedule D (e.g., Committee on Uniform Security Identification Procedures [CUSIP], the CUSIP International Numbering System [CINS], private placement number [PPN], and International Securities Identification Number [ISIN]). The SVO worked with Financial Regulatory Services (FRS) staff to quantify the number of invalid or missing security IDs that were reported on Schedule D as of Dec. 31, 2024, when compared to the GICRS database, along with the associated book/adjusted carrying value (BACV). There were 10,053 missing or invalid security IDs on Schedule D, collectively representing \$55 billion of BACV.

The SVO wanted to alert the Task Force of these exceptions and recommends combining the CUSIP and ISIN fields into a single security ID field on Schedule D and adding a security ID type field. The fields would be next to each other: a CUSIP number and then a code identifying it as a CUSIP, or if it was an ISIN, in the security ID column, the next column would identify the security ID type as ISIN.

Combining security IDs into a single field aligns with the NAIC's integration of GICRS into its systems and will simplify the NAIC's data validation processes. Structuring the security IDs this way would also potentially permit the NAIC to include other security IDs, such as Bloomberg's Financial Instrument Global Identifier (FIGI) and Mark-It's Loan-X, which has its own ID. There are 27 individual security IDs in the GICRS database. The SVO recommends developing a new reporting field to clearly identify when a security ID has not been validated on a financial statement. This could be a regulator-only field, or it could be something that could be added to the financial statements themselves. It would be up to the regulators to decide how they wish to use that.

The SVO requests the Task Force's approval to expose this memorandum for comment with the goal of using any technical comments received to prepare a referral to the Blanks (E) Working Group to affect these security ID changes. The SVO would also welcome working with industry on researching possible causes for these security ID validation issues and incorporating any appropriate remediation steps that would be appropriate to ensure the IDs are corrected.

Mears said the memorandum is to be exposed for feedback from industry and presumably NASVA on these technical details, then, ultimately, the blanks proposal will be prepared. It will then be exposed before it gets referred. There are a few steps to this, but this exposure is just looking for that initial feedback.

Mears directed the SVO to expose the memorandum summarizing the security ID changes for a 30-day public comment period ending Sept. 12.

7. Received NAIC Staff Reports on the CLO Modeling Methodology

Mears said the next item was to receive an update on the proposed CLO modeling methodology and ad hoc working group. The CLO modeling methodology is scheduled to go into effect at the end of this year. Last year, in recognition of ongoing work at the Risk-Based Capital Investment Risk and Evaluation (E) Working Group and by the American Academy of Actuaries (Academy), the Task Force extended the implementation date by one year to better align with those workstreams. Eric Kolchinsky (NAIC) will provide an operational update, and then the Task Force can discuss next steps.

Draft Pending Adoption

Kolchinsky said that the CLO effort at the NAIC, consistent with the current language in the P&P Manual and the deadline that the Task Force set last year, is operationally and technically ready to produce results for year-end 2025. The SSG is also set up to produce these results monthly for informational purposes, as promised. However, progress is being made on the ongoing work by the Academy's C1 working group on CLOs. Furthermore, a great deal of feedback was received through the ad hoc group. The work has not been presented to the Task Force. In light of that, and given previous remarks, the SSG is requesting guidance on next steps.

Mears said it is of critical importance to insurance regulators to continue monitoring the growth, in this case of insurer CLO exposures, but also for work on asset-backed securities (ABS) overall. As most people are aware, there is ongoing work by the Risk-Based Capital Investment Risk and Evaluation (E) Working Group and the Academy on ABS, like CLOs. There is also a holistic review of the overall risk-based capital (RBC) framework by the Risk-Based Capital Model Governance (EX) Task Force. The chairs of this Task Force, the Working Group, and the Financial Condition (E) Committee will be consulting with the Academy over the next few months to develop a clearer timeline and roadmap for addressing insurer CLO exposures. This will take into account the Academy's work, progress, and expected timeline, as well as its integration with the SSG's financial modeling. Given all these concurrent workstreams and the anticipated updates expected in September from the Working Group on CLOs, Mears recommends deferring implementation of the SSG's CLO modeling process for one year to give these other efforts additional time.

Mears directed the SVO and SSG staff to draft a P&P Manual amendment to defer the SSG's financial modeling of CLOs for one year and to expose the amendment for a 30-day public comment period ending Sept. 12.

8. Received NAIC Staff Reports on the Projects of the Statutory Accounting Principles (E) Working Group

Julie Gann (NAIC) said the Statutory Accounting Principles (E) Working Group met the previous day and had many adoptions and exposures. This update will only highlight a few items, mostly investment-related items, and the Working Group's website will have the full listing. First, the Working Group adopted a revised *Interpretation (INT) 23-01: Net Negative (Disallowed) Interest Maintenance Reserve*, which is the negative disallowed interest maintenance reserve (IMR) INT that was adopted in August 2023. It was set to expire at the end of this year, and it was adopted to give one more year under that INT, so it would be effective through Dec. 31, 2026, automatically nullifying Jan. 1, 2027. A few edits to the INT were adopted along with that extension. Most notably, it clarified that the 10% adjusted capital and surplus limit on what is allowed to be admitted for net negative IMR is based on the prior period's financials. The Working Group added a new cap of 10% of the current period capital surplus.

As another small adoption, this one was addressed through the editorial revisions. The Working Group moved a lingering reference to CRP ratings that was in *Statement of Statutory Accounting Principle (SSAP) No. 41—Surplus Notes*, related to what sort of ratings were required for surplus notes and capital notes, which is contingent on the SVO's P&P Manual. The Working Group removed that reference and included a pointer to this publication for what sort of designation is required.

For exposure actions, first, the Working Group exposed a new agenda item proposing new reporting and disclosure requirements for private securities. This exposure will require a new electronic-only column for all investment schedules that have securities that could be subject to U.S. Securities and Exchange Commission (SEC) registration, and each investment that is included on that schedule will need to be identified as whether it is public, a Reg 144A, a Regulation D, or a general exemption to the SEC registration. There is also a not applicable option that should only be used for investments on the schedule that are not subject to the SEC registration. Additionally, this item has a new proposed disclosure to capture aggregate information based on those classifications, along with other pertinent information that is pulled from the financial statements. Therefore, those categories would include total BACV, the amount of fair value that is classified as level two and level three, the BACV supported by PL ratings, and information based on aggregate deferred interest and

Draft Pending Adoption

paid-in-kind. If something were a Reg 144D, those on Schedule D would be aggregated with those categories. A regulator could quickly look to see how much aggregate deferred interest is reported on Schedule D for something that is a private security, based on the different types. This item was exposed with a shortened comment period ending Sept. 19. That was proposed only to allow initial comments before the Working Group sponsors a blanks proposal. Once initial comments are received and considered, it will move forward with the goal of it being adopted for year-end 2026, which means it has to be through the Working Group and blanks by May 2026.

The Working Group exposed a new agenda item proposing disclosure revisions to debt securities and residual interests. This came about as the Working Group reviewed the reporting after the principles-based bond definition for the first quarter. It was noted that some existing disclosures that were in *SSAP No. 21—Other Admitted Assets*, *SSAP No. 26—Bonds*, and *SSAP No. 43—Asset-Backed Securities*, all three related to debt securities, had different frequencies and reporting locations. This is now being uniformly incorporated into the financial statements. There were no residual interest disclosers, so disclosures were proposed in line with other existing investment-type disclosures. For that one, a new disclosure is proposed to identify the measurement method for those items, whether they follow the practical expedient or the allowable earned yield method. Also, the intended date of that item is Dec. 31, 2026. That one does not have a shortened comment period, and the Working Group is proceeding with a blanks proposal. That item is exposed for a public comment period ending Oct. 17.

The Working Group exposed revisions that would allow qualifying trust structures. Qualifying trust structures are often reported on Schedule BA, either as *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* or under *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* as a D6.1 SCA, to be reported as individual residential mortgage loans if they meet criteria dedicated or stipulated within the SSAPs. If an insurer has a qualifying trust structure that holds residential mortgage loans, it can report those as if it held those residential mortgage loans directly.

Lastly, the Working Group exposed proposed edits to the annual statement reporting instructions that would eliminate the concept of an investment subsidiary from D6-1. The investment subsidiaries concept dates back to 2005. It was eliminated from the statutory accounting guidance in *SSAP No. 97*. Originally, it was intended as a subsidiary that holds investments on behalf of the insurance company. Although the concept was eliminated in *SSAP No. 97*, the reporting still continued on D6-1. Additionally, there is a look-through RBC provision that allows companies to calculate what the RBC would be under those investments and determine the RBC, but there is no transparency as to what actual investments are held within those investment subsidiaries. This was exposed to eliminate that concept from D6.1, so after the effective date, which is proposed to be Dec. 31, 2026, those would just follow the normal subsidiary, controlled, and affiliated (SCA) reporting guidelines. There is also a proposal to eliminate the look-through RBC, which is also exposed for a public comment period ending Oct. 17.

9. Received NAIC Staff Reports on the Impact of Moody's Downgrading the U.S. Government's Credit Rating

Mears said the Task Force has received some questions following Moody's Ratings (Moody's) downgrade of the U.S. government credit rating from "AAA" to "Aa1" on May 16. This follows Fitch Ratings' downgrade of the U.S. government from "AAA" to "AA+" on Aug. 1, 2023, along with S&P's downgrade in 2011 from "AAA" to "AA+." That now makes three rating agencies that no longer maintain an "AAA" rating on the U.S.

Currently, the NAIC designation of U.S. government obligations is fixed in the P&P Manual at NAIC 1.A. Therefore, any upgrades or downgrades do not change the NAIC designation as they would with the non-U.S. government FE process. If the NAIC designations were governed by the general CRP rating FE process, U.S. government obligations would be at NAIC 1.B. The Task Force should discuss this issue, but no current recommendation exists. This update is to ensure that the Task Force members and interested parties were aware of these rating changes, how they flow through NAIC processes and procedures, and, given the P&P Manual's current U.S. government FE policy, confirm that there has been no change to the NAIC designation

Draft Pending Adoption

of NAIC 1.A. If the NAIC needs to address anything, either within the Task Force or within some of the groups the Task Force coordinates with, including the Statutory Accounting Principles (E) Working Group and the Risk-Based Capital Investment Risk and Evaluation (E) Working Group, it will be discussed at a future meeting. It is not the designation that is fixed as much as the mapping from that subtotal that goes to the RBC and receives the NAIC 1.A. effectively RBC treatment. To confirm, no designation changes come with these downgrades, but as noted again, this may be something that can be discussed later.

10. Received the CRP Rating Due Diligence Framework and FE Discretion Project

Therriault said the NAIC selected PricewaterhouseCoopers (PwC) to develop the NAIC's CRP rating due diligence framework. PwC was officially engaged for this initiative on June 2. NAIC business and technology teams have met with PwC to kick off the project, align stakeholder objectives and expectations, establish project governance, and discuss CRP data. Access to a secure portion of the NAIC network is being worked on, along with provisioning the technology tools PwC will need for its analysis. This includes a secure NAIC SharePoint site to share information with the PwC. The PwC team will be given NAIC IDs, and all ratings information and data will be stored securely on NAIC systems. A template was created for a historical ratings data call to the CRPs. The template standardizes 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 Aug. 8.

The initial business requirements for the FE discretion process have been gathered. The process will require updates to the NAIC's VISION and AVS+ applications. The SVO and Information Technology Group (ITG) reviewed various vendor applications for a secure data room to be used during the deliberative portion of the discretion process, and a vendor has been selected. Development work on the NAIC system enhancements is anticipated to begin in 2026.

Mears said additional updates on these processes will be given to the Task Force. The goal is to review all the CRPs. Therriault said there are multiple steps, one of which is qualitative and the other is quantitative. Both processes are being looked at, including the mapping of those ratings to the NAIC designation.

Mears said it will recreate a more fulsome due diligence process to look at how the NAIC approves new CRPs, which come from nationally recognized statistical rating organizations (NRSROs), so there could be new ones all the time, as well as review existing CRPs to ensure that the CRPs are meeting the NAIC's expectations for an NAIC designation.

11. Discussed the Restructuring of the Task Force Into Four Groups

The Financial Condition (E) Committee adopted the restructuring of the Task Force into the following four new groups: Invested Assets (E) Task Force; Investment Analysis (E) Working Group, Securities Valuation Office & Structured Securities Group (E) Working Group, and Credit Rating Provider (E) Working Group. Those names may change to make sure the acronyms are appropriate. These changes will require a number of P&P Manual updates to align the titles and governance described throughout the manual because there are many references to the Task Force as it is currently named. The Task Force had no objections, so Mears directed SVO staff to prepare the amendment necessary to reflect this structural change as efficiently as possible, given how many references there may be to the Task Force in the P&P Manual, and include detailed changes only when necessary. That also means the next national meeting will be the final Task Force meeting. Then, during the 2026 Spring National Meeting, the Invested Assets (E) Task Force will meet.

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

[https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2025/2025-08-12 - NAIC Summer NM/Minutes/VOSTF_2025-08-12_Summer_2025_NM v2 \(CT edits\).docx](https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2025/2025-08-12 - NAIC Summer NM/Minutes/VOSTF_2025-08-12_Summer_2025_NM v2 (CT edits).docx)

SVO



TO: Carrie Mears, Chair, Valuation of Securities (E) Task Force
Members of the Valuation of Securities (E) Task Force

FROM: Charles A. Therriault, Director, NAIC Securities Valuation Office
Marc Perlman, Managing Investment Counsel, NAIC Securities Valuation Office
Eric Kolchinsky, 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 Permit a 30-day Grace Period to File a Private Rating Letter Annual Update

DATE: July 7, 2025 (Updated: September 16, 2025)

Summary: At the NAIC’s 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 update to the 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 would update the PLR instructions to permit a 30-day grace period for PLR annual updates, regardless of when during the year they occur.

Recommendation – Insurers need time to provide PLR annual updates to the SVO after they receive them from the CRPs. The SVO recommends granting insurers a 30-day grace period to provide the PLR annual update to it. This will primarily impact manually filed PLRs as the ratings received through the credit rating provider (CRP) electronic data files include the rating update date and will be automatically updated in the NAIC’s systems upon processing the data file.

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



PART THREE SVO PROCEDURES AND METHODOLOGY FOR PRODUCTION OF NAIC DESIGNATIONS

PL SECURITIES

...

Producing NAIC Designations for PL Securities

21. The SVO shall produce NAIC Designations for securities subject to private letter ratings as follows:
 - The insurance company shall file a copy of the private rating letter with the SVO if not included in the applicable NAIC CRP Rating feed(s) (or other form of direct delivery from the CRP) noted above in Conditions to Filing Exemption for PL Securities and the supporting private rating letter rationale report, if the SVO has not received it directly from the CRP, within the initial filing deadline for newly acquired securities or securities in transition (as explained in “SVO Analytical Department Symbols” in Part Two of this Manual) and each calendar year thereafter. (so long as such rationale update would normally be produced by the CRP for a comparable publicly rated security) along with any changes in PL Securities rating. Annual updates to existing private rating letters shall be filed with the SVO no later than 30-days following the date of the CRP’s annual rating update (i.e. no later than 395-days following the date of the prior calendar year’s initial private rating letter or annual rating update). In instances where the **PL** security is included in the applicable NAIC CRP Rating feed(s), the SVO shall follow the procedure for Filing Exempt (FE) securities only after the SVO receives both the private rating letter and private letter rationale report either directly or through a NAIC CRP Rating feed(s), and the SVO deems the privately rated security eligible to receive an NAIC Designation with an NAIC CRP Credit Rating.



- In instances where a private letter and private rating letter rationale report is filed, the SVO shall evaluate the private letter and private rating letter rationale report to determine whether the security has been assigned an Eligible NAIC CRP Rating and if the privately rated security is eligible to receive an NAIC Designation with a NAIC CRP Credit Rating. Similar to public securities where a rating is received directly from the CRP via electronic feeds, there is a similar assumption for the PL security, that the rating meets the definition of an Eligible NAIC CRP Rating as a normal part of the CRP rating process, absent evidence to the contrary in the rating letter or private rating letter rationale report (e.g., evidence that the rating applies only to principal or interest, in a deviation from the normal CRP rating process).
- If the SVO verifies that the security has been assigned an Eligible NAIC CRP Rating and if the SVO deems the privately rated security eligible to receive an NAIC Designation with a NAIC CRP Credit Rating, it assigns an NAIC Designation in accordance with the policy and procedure specified in this Manual. The assumption in the application of this step of the procedure is that **PL** securities are typically assigned a credit rating by only one NAIC CRP. However, if this assumption is inaccurate for any **PL** security, the SVO applies the same procedure specified for FE securities.

https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2025/2025-12-10 - NAIC Fall NM/02-PLR 30-day Grace Period/2025-008.02 PP_Manual_PLR_Update_30-day_Grace v2.docx

SVO



NAIC
NATIONAL ASSOCIATION OF
INSURANCE COMMISSIONERS

TO: Carrie Mears, Chair, Valuation of Securities (E) Task Force
Members of the Valuation of Securities (E) Task Force

FROM: Charles A. Therriault, Director, NAIC Securities Valuation Office
Marc Perlman, Managing Investment Counsel, NAIC Securities Valuation Office
Eric Kolchinsky, 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 Permit a 30-day Grace Period to File a Private Rating Letter Annual Update

DATE: July 7, 2025

Summary: At the NAIC’s 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 update to the 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 would update the PLR instructions to permit a 30-day grace period for PLR annual updates, regardless of when during the year they occur.

Recommendation – Insurers need time to provide PLR annual updates to the SVO after they receive them from the CRPs. The SVO recommends granting insurers a 30-day grace period to provide the PLR annual update to it. This will primarily impact manually filed PLRs as the ratings received through the credit rating provider (CRP) electronic data files include the rating update date and will be automatically updated in the NAIC’s systems upon processing the data file.

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

PL SECURITIES

...

Producing NAIC Designations for PL Securities

21. The SVO shall produce NAIC Designations for securities subject to private letter ratings as follows:
 - The insurance company shall file a copy of the private rating letter with the SVO if not included in the applicable NAIC CRP Rating feed(s) (or other form of direct delivery from the CRP) noted above in Conditions to Filing Exemption for PL Securities and the supporting private rating letter rationale report, if the SVO has not received it directly from the CRP, within the initial filing deadline for newly acquired securities or securities in transition (as explained in “SVO Analytical Department Symbols” in Part Two of this Manual) and each calendar year thereafter. (so long as such rationale update would normally be produced by the CRP for a comparable publicly rated security) along with any changes in PL Securities rating. Annual updates to existing private rating letters shall be filed with the SVO no later than 30-days following the date of the CRP’s annual update (i.e. no later than 395-days following the date of the prior calendar year’s initial private rating letter or annual update) In instances where the **PL** security is included in the applicable NAIC CRP Rating feed(s), the SVO shall follow the procedure for Filing Exempt (FE) securities only after the SVO receives both the private rating letter and private letter rationale report either directly or through a NAIC CRP Rating feed(s), and the SVO deems the privately rated security eligible to receive an NAIC Designation with an NAIC CRP Credit Rating.



- In instances where a private letter and private rating letter rationale report is filed, the SVO shall evaluate the private letter and private rating letter rationale report to determine whether the security has been assigned an Eligible NAIC CRP Rating and if the privately rated security is eligible to receive an NAIC Designation with a NAIC CRP Credit Rating. Similar to public securities where a rating is received directly from the CRP via electronic feeds, there is a similar assumption for the PL security, that the rating meets the definition of an Eligible NAIC CRP Rating as a normal part of the CRP rating process, absent evidence to the contrary in the rating letter or private rating letter rationale report (e.g., evidence that the rating applies only to principal or interest, in a deviation from the normal CRP rating process).
- If the SVO verifies that the security has been assigned an Eligible NAIC CRP Rating and if the SVO deems the privately rated security eligible to receive an NAIC Designation with a NAIC CRP Credit Rating, it assigns an NAIC Designation in accordance with the policy and procedure specified in this Manual. The assumption in the application of this step of the procedure is that **PL** securities are typically assigned a credit rating by only one NAIC CRP. However, if this assumption is inaccurate for any **PL** security, the SVO applies the same procedure specified for FE securities.

https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2025/2028-08-12 - NAIC Summer NM/05-PLR 30-day Grace Period/2025-008.01 PP_Manual_PLR_Update_30-day_Grace.docx

**Shannon Jones**

Senior Director, Financial Reporting Policy

(202) 624-2029 t

shannonjones@accli.com

September 12, 2025

Ms. Carrie Mears

Chair, Valuation of Securities (E) Task Force (VOSTF)

National Association of Insurance Commissioners (NAIC)

110 Walnut Street, Suite 1500

Kansas City, MO 64106-2197

Re: VOSTF Exposures from the NAIC's Summer National Meeting

Dear Ms. Mears:

The undersigned (ACLI, PPIA, and NASVA) appreciate the opportunity to comment on the three documents exposed for comment at the NAIC's summer national meeting. Our comments for each exposure are highlighted below.

1. P&P Manual Amendment to Change the Effective Date for Financial Modeling of CLOs by SSG to 2026.

The undersigned support this proposed P&P Manual Amendment.

2. P&P Manual Amendment to Permit a 30-day Grace Period to File a Private Letter Annual Update

The undersigned support this proposed P&P Manual Amendment but suggest one editorial edit to help ensure proper clarity (shown with an underline below):

...no later than 30-days following the date of the CRPs annual rating update (i.e., no later than 395-days following the date of the prior calendar year's initial private rating letter or annual rating update)....

American Council of Life Insurers | 101 Constitution Ave, NW, Suite 700 | Washington, DC 20001-2133

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

accli.com

3. Blanks Update for Security Identifiers

The undersigned support the objective of this exposure – the integration of S&P Global’s Global Instruments Cross Reference Service (GICRS) into the SVO’s systems (including those that interact with industry), the streamlining of reporting, and the elimination of errors on the jumpstart report.

However, the undersigned strongly disagree that any aggregation of jumpstart errors should be disclosed in the footnotes to the financial statements. This would be information provided by the SVO, for which each individual insurer would have no direct control, and could have exceptions that are the result of errors within the confines of the SVO’s systems capabilities. Nor are financial statement disclosures typically used for such purposes. Rather, if this process results in the elimination of errors within the confines of the SVO’s systems capabilities from the jumpstart exceptions report, the aggregate numbers could be shared with an insurer’s regulator (and ultimately shared with the insurer) to help eliminate errors that are truly within the insurer’s control.

The undersigned discussed this exposure on a broad industry call and had many questions on how this process would work in practice. As a result, we reached out to the SVO. We had a very constructive call and agreed that we share a common objective, but that a joint/cooperative “project” is necessary to address the many outstanding issues that would need to occur prior to a blanks exposure being exposed for comment or being implemented. For example:

- Who would highlight the exception on page one of the exposure – the insurer or the SVO? These exceptions are already on the jumpstart report.
- The need to develop a complete list of valid identifiers for which the disclosure can be populated.
- The need to establish a hierarchy of which identifier to use if a security has more than one security identifier.
- The need to solution for a situation where one security identifier is required for the disclosure (as a result of the above-mentioned hierarchy), and whether the filing of the security for an NAIC designation also needs to use that identifier – and how to address the situation where an identifier is not available at the time of filing, as well as ensure the SVO’s systems can properly address the agreed upon solution.
- The need to establish whether insurers can still utilize the 000000000 identifier where the insurer is still waiting for a CUSIP, which can take months, or other similarly valid “dummy” identifiers currently utilized as an accepted practice.
- Ensure the SVO has fully integrated GICRS into their systems to only identify jumpstart errors that are in the complete control of the insurer and properly dovetail with the filing of securities with the SVO.

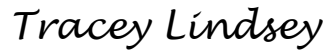
The undersigned stand committed to work with the SVO on these and other outstanding issues to achieve the common objective of eliminating errors on the jump start exception report. We also have long supported the SVO’s efforts to incorporate GICRS into their systems and processes, support resources for this effort if more are needed, and appreciate the efforts and progress to date.

If you have any questions regarding this letter, please do not hesitate to contact us.

Sincerely,



Shannon Jones
ACLI



Tracey Lindsey
NASVA



John Petchler
on behalf of PPIA Board of Directors

cc: Charles Therriault, Director, Securities Valuation Office
Eric Kolchinsky, Director, Structured Securities Group



TO: Carrie Mears, Chair, Valuation of Securities (E) Task Force
Members of the Valuation of Securities (E) Task Force

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

CC: Eric Kolchinsky, Director, NAIC Structured Securities Group (SSG) and Capital Markets Bureau

RE: P&P Manual Amendment to Change the Effective Date for the Financial Modeling of CLOs by SSG to 2026

DATE: August 13, 2025

Summary: At the 2025 Summer National Meeting the Task Force requested a change to the effective date by which collateralized loan obligations (CLOs) will be financially modeled by SSG to assign NAIC Designations and NAIC Designation Categories to year-end 2026 from year-end 2025. The additional time will permit SSG to improve the methodology and allow better alignment with the approach of other NAIC workstreams.

Recommendation: The Securities Valuation Office (SVO) recommends inclusion of the attached notice in the 2025 *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) informing insurers of the implementation date change and including it on the Task Force's webpage of Adopted Interim Changes to the P&P Manual. The proposed text changes to the P&P Manual are shown below with additions in **red underline** and deletions in **red-strikethrough**, as it would appear in the 2025 P&P Manual.



PREVIOUSLY ADOPTED AMENDMENTS TO THE P&P MANUAL EFFECTIVE IN ~~2025~~ 2026

The following amendments were adopted by the VOS/TF in 2023 to be effective for ~~2025~~ 2026.

- **Adopted an amendment including Collateralized Loan Obligations (CLO) as a Financially Model Security in Part Four** – A collateralized loan obligation (CLO) is type of structured security backed by a pool of debt, typically corporate loans with low credit ratings. An insurer that purchases every tranche of a CLO holds the exact same investment risk as if it had directly purchased the entire pool of loans backing the CLO. The aggregate risk-based capital (RBC) factor for owning all of the CLO tranches should be the same as that required for owning all of the underlying loan collateral. If it is less, it means there is risk-based capital (RBC) arbitrage. As noted in the Investment Analysis Office’s (IAO) memo of May 25, 2022, “Risk Assessment of Structured Securities – CLOs”, it is currently possible to materially (and artificially) reduce C1 capital requirements just by securitizing a pool of assets. The Task Force assigned the Structured Securities Group (SSG) the responsibility of financially modeling CLO investments and evaluating all tranche level losses across all debt and equity tranches under a series of calibrated and weighted collateral stress scenarios to assign NAIC Designations that create equivalency between securitization and direct holdings, thereby eliminating RBC arbitrage. This amendment is effective beginning with year-end ~~2025~~2026.

The Valuation of Securities (E) Task Force adopted this amendment on Feb. 21, 2023



PART FOUR

THE NAIC STRUCTURED SECURITIES GROUP



...

Use of Financial Modeling for Year-End Reporting for CLO, RMBS and CMBS

...

24. Beginning with year-end ~~2025~~ 2026 for CLOs, probability weighted net present values will be produced under NAIC staff supervision by SSG using its financial model with defined analytical inputs selected by the SSG. SSG will model CLO investments and evaluate all tranche level losses across all debt and equity tranches under a series of calibrated and weighted collateral stress scenarios to assign NAIC Designation Categories for a specific CLO tranche as determined by the NAIC.

NOTE: Please refer to SSAP No. 43R—Loan-Backed and Structured Securities for guidance on all accounting and related reporting issues.

NOTE: Effective as of January 1, ~~2025~~ 2026, SSG will financially model CLOs.

<https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2025/2025-08-12 - NAIC Summer NM/CLO Effective Date/2025-010.01 PP Manual CLO Effective Date.docx>

**Shannon Jones**

Senior Director, Financial Reporting Policy

(202) 624-2029 t

shannonjones@accli.com

September 12, 2025

Ms. Carrie Mears

Chair, Valuation of Securities (E) Task Force (VOSTF)

National Association of Insurance Commissioners (NAIC)

110 Walnut Street, Suite 1500

Kansas City, MO 64106-2197

Re: VOSTF Exposures from the NAIC's Summer National Meeting

Dear Ms. Mears:

The undersigned (ACLI, PPIA, and NASVA) appreciate the opportunity to comment on the three documents exposed for comment at the NAIC's summer national meeting. Our comments for each exposure are highlighted below.

1. P&P Manual Amendment to Change the Effective Date for Financial Modeling of CLOs by SSG to 2026.

The undersigned support this proposed P&P Manual Amendment.

2. P&P Manual Amendment to Permit a 30-day Grace Period to File a Private Letter Annual Update

The undersigned support this proposed P&P Manual Amendment but suggest one editorial edit to help ensure proper clarity (shown with an underline below):

....no later than 30-days following the date of the CRPs annual rating update (i.e., no later than 395-days following the date of the prior calendar year's initial private rating letter or annual rating update)....

American Council of Life Insurers | 101 Constitution Ave, NW, Suite 700 | Washington, DC 20001-2133

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

accli.com

3. Blanks Update for Security Identifiers

The undersigned support the objective of this exposure – the integration of S&P Global’s Global Instruments Cross Reference Service (GICRS) into the SVO’s systems (including those that interact with industry), the streamlining of reporting, and the elimination of errors on the jumpstart report.

However, the undersigned strongly disagree that any aggregation of jumpstart errors should be disclosed in the footnotes to the financial statements. This would be information provided by the SVO, for which each individual insurer would have no direct control, and could have exceptions that are the result of errors within the confines of the SVO’s systems capabilities. Nor are financial statement disclosures typically used for such purposes. Rather, if this process results in the elimination of errors within the confines of the SVO’s systems capabilities from the jumpstart exceptions report, the aggregate numbers could be shared with an insurer’s regulator (and ultimately shared with the insurer) to help eliminate errors that are truly within the insurer’s control.

The undersigned discussed this exposure on a broad industry call and had many questions on how this process would work in practice. As a result, we reached out to the SVO. We had a very constructive call and agreed that we share a common objective, but that a joint/cooperative “project” is necessary to address the many outstanding issues that would need to occur prior to a blanks exposure being exposed for comment or being implemented. For example:

- Who would highlight the exception on page one of the exposure – the insurer or the SVO? These exceptions are already on the jumpstart report.
- The need to develop a complete list of valid identifiers for which the disclosure can be populated.
- The need to establish a hierarchy of which identifier to use if a security has more than one security identifier.
- The need to solution for a situation where one security identifier is required for the disclosure (as a result of the above-mentioned hierarchy), and whether the filing of the security for an NAIC designation also needs to use that identifier – and how to address the situation where an identifier is not available at the time of filing, as well as ensure the SVO’s systems can properly address the agreed upon solution.
- The need to establish whether insurers can still utilize the 000000000 identifier where the insurer is still waiting for a CUSIP, which can take months, or other similarly valid “dummy” identifiers currently utilized as an accepted practice.
- Ensure the SVO has fully integrated GICRS into their systems to only identify jumpstart errors that are in the complete control of the insurer and properly dovetail with the filing of securities with the SVO.

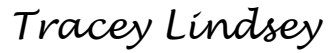
The undersigned stand committed to work with the SVO on these and other outstanding issues to achieve the common objective of eliminating errors on the jump start exception report. We also have long supported the SVO’s efforts to incorporate GICRS into their systems and processes, support resources for this effort if more are needed, and appreciate the efforts and progress to date.

If you have any questions regarding this letter, please do not hesitate to contact us.

Sincerely,



Shannon Jones
ACLI



Tracey Lindsey
NASVA



John Petchler
on behalf of PPIA Board of Directors

cc: Charles Therriault, Director, Securities Valuation Office
Eric Kolchinsky, Director, Structured Securities Group



TO: Carrie Mears, Chair, Valuation of Securities (E) Task Force
 Members of the Valuation of Securities (E) Task Force

FROM: Charles A. Therriault, Director, NAIC Securities Valuation Office
 Marc Perlman, Managing Investment Counsel, NAIC Securities Valuation Office
 Eric Kolchinsky, Director, NAIC Structured Securities Group and Capital Markets Bureau

RE: Recommendation to Add a Common Security ID Field on the Annual and Quarterly Financial Statements

DATE: July 23, 2025

Summary: The annual and quarterly financial statement investment schedules have a Committee on Uniform Securities Identification Procedures (CUSIP) field that includes the CUSIP International Numbering System (CINS), and Private Placement Number (PPN) and a separate electronic only field for International Securities Identification Number (ISIN). Having these security identifiers in separate fields makes efficient reporting, analysis and validation difficult.

The NAIC is integrating into its systems S&P Global's Global Instruments Cross Reference Service (GICRS) database of global security identifiers that cross-references approximately 92 million instruments. GICRS includes the identifiers currently used in NAIC reporting (e.g. CUSIP, CINS, ISIN, and PPN) along with other identifiers. The SVO has been working on integrating GICRS into its VISION and AVS+ systems for several years. GICRS is now being used in some of the Jump Start Exception Reports to reduce errors.

Recommendation: The SVO recommends combining the CUSIP and ISIN fields into a single Security ID field and adding a new field to identify the Security ID Type with a smart code like the following: C=CUSIP and CINS (including syndicated loans with an CUSIP), I=ISIN (including syndicated loans with an ISIN), and P=PPN. Combining security identifiers into a single field will align with the NAIC's integration of GICRS in its systems, simplify the NAIC's data validation processes (i.e. confirming that the security identifier appears in the GICRS database) and permit the possible inclusion, with

Security ID	Security ID Type	Security ID Validation Exception
123456AB7	C	
U12345ABX	C	*
US123456AB79	I	
123456#B7	P	



regulatory approval, of additional security identifiers such as Bloomberg FIGI and Markit LoanX that are available in the GICRS database. The table in this paragraph shows how this might be displayed.

The SVO also recommends developing a new reporting field to clearly identify when a security identifier has not been validated on a financial statement investment schedule submission. This validation field could be included on an insurer's financial statement investment schedule as an additional reporting field and aggregated in a footnote or just used within the NAIC for regulator reporting. 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 below. 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
Grand Total	10,053	\$55,000,817,105

The SVO requests the Task Force's approval to submit a referral to the Blanks (E) Working Group to draft a Blanks change to affect these security identifier updates.

https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2025/2025-08-12 - NAIC Summer NM/06-Blanks Update for Security IDs/2025-009.01 Blanks_Update_for_SecurityIDs v2.docx

**Shannon Jones**

Senior Director, Financial Reporting Policy

(202) 624-2029 t

shannonjones@accli.com

September 12, 2025

Ms. Carrie Mears

Chair, Valuation of Securities (E) Task Force (VOSTF)

National Association of Insurance Commissioners (NAIC)

110 Walnut Street, Suite 1500

Kansas City, MO 64106-2197

Re: VOSTF Exposures from the NAIC's Summer National Meeting

Dear Ms. Mears:

The undersigned (ACLI, PPIA, and NASVA) appreciate the opportunity to comment on the three documents exposed for comment at the NAIC's summer national meeting. Our comments for each exposure are highlighted below.

1. P&P Manual Amendment to Change the Effective Date for Financial Modeling of CLOs by SSG to 2026.

The undersigned support this proposed P&P Manual Amendment.

2. P&P Manual Amendment to Permit a 30-day Grace Period to File a Private Letter Annual Update

The undersigned support this proposed P&P Manual Amendment but suggest one editorial edit to help ensure proper clarity (shown with an underline below):

....no later than 30-days following the date of the CRPs annual rating update (i.e., no later than 395-days following the date of the prior calendar year's initial private rating letter or annual rating update)....

American Council of Life Insurers | 101 Constitution Ave, NW, Suite 700 | Washington, DC 20001-2133

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

accli.com

3. Blanks Update for Security Identifiers

The undersigned support the objective of this exposure – the integration of S&P Global’s Global Instruments Cross Reference Service (GICRS) into the SVO’s systems (including those that interact with industry), the streamlining of reporting, and the elimination of errors on the jumpstart report.

However, the undersigned strongly disagree that any aggregation of jumpstart errors should be disclosed in the footnotes to the financial statements. This would be information provided by the SVO, for which each individual insurer would have no direct control, and could have exceptions that are the result of errors within the confines of the SVO’s systems capabilities. Nor are financial statement disclosures typically used for such purposes. Rather, if this process results in the elimination of errors within the confines of the SVO’s systems capabilities from the jumpstart exceptions report, the aggregate numbers could be shared with an insurer’s regulator (and ultimately shared with the insurer) to help eliminate errors that are truly within the insurer’s control.

The undersigned discussed this exposure on a broad industry call and had many questions on how this process would work in practice. As a result, we reached out to the SVO. We had a very constructive call and agreed that we share a common objective, but that a joint/cooperative “project” is necessary to address the many outstanding issues that would need to occur prior to a blanks exposure being exposed for comment or being implemented. For example:

- Who would highlight the exception on page one of the exposure – the insurer or the SVO? These exceptions are already on the jumpstart report.
- The need to develop a complete list of valid identifiers for which the disclosure can be populated.
- The need to establish a hierarchy of which identifier to use if a security has more than one security identifier.
- The need to solution for a situation where one security identifier is required for the disclosure (as a result of the above-mentioned hierarchy), and whether the filing of the security for an NAIC designation also needs to use that identifier – and how to address the situation where an identifier is not available at the time of filing, as well as ensure the SVO’s systems can properly address the agreed upon solution.
- The need to establish whether insurers can still utilize the 000000000 identifier where the insurer is still waiting for a CUSIP, which can take months, or other similarly valid “dummy” identifiers currently utilized as an accepted practice.
- Ensure the SVO has fully integrated GICRS into their systems to only identify jumpstart errors that are in the complete control of the insurer and properly dovetail with the filing of securities with the SVO.

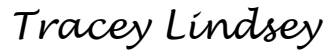
The undersigned stand committed to work with the SVO on these and other outstanding issues to achieve the common objective of eliminating errors on the jump start exception report. We also have long supported the SVO’s efforts to incorporate GICRS into their systems and processes, support resources for this effort if more are needed, and appreciate the efforts and progress to date.

If you have any questions regarding this letter, please do not hesitate to contact us.

Sincerely,



Shannon Jones
ACLI



Tracey Lindsey
NASVA



John Petchler
on behalf of PPIA Board of Directors

cc: Charles Therriault, Director, Securities Valuation Office
Eric Kolchinsky, Director, Structured Securities Group



TO: Carrie Mears, Chair, Valuation of Securities (E) Task Force
Members of the Valuation of Securities (E) Task Force

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

RE: Notice for Inclusion in the Purposes and Procedures Manual of the NAIC Investment Analysis Office (the “Purposes and Procedures Manual”) to Recognize the New Committee Structure effective January 1, 2026

DATE: November 11, 2025

Summary: At the direction of the Financial Condition (E) Committee, effective January 1, 2026, the Valuation of Securities (E) Task Force (“VOSTF”) will be dissolved and replaced by a new committee structure. VOSTF will be replaced by the Invested Assets (E) Task Force (“IATF”) with three working groups reporting to it:

- Invested Assets (E) Working Group (“InvAWG”), focused primarily on portfolio level analysis;
- Investment Designation Analysis (E) Working Group (“IDAWG”), focused primarily on analysis of individual investments for assignment of NAIC Designations by the NAIC Investment Analysis Office; and
- Credit Rating Provider (E) Working Group (“CRPWG”), focused primarily on the administration of the Credit Rating Provider Due Diligence Framework once it has been developed by the third-party consultant and adopted by regulators.

References to VOSTF in the current version of the Purposes and Procedures Manual will need to be amended to reference the new Task Force and Working Groups, as appropriate. Most current VOSTF functions will be assumed by IDAWG so most VOSTF references should be replaced by it, but references to CRPWG, InvAWG and the Task Force may be necessary as well. However, making such updates and making any textual amendments for changing roles, will be a time-consuming project which we intend to address over the course of 2026. In the interim, the attached disclosure will be included in the Purposes and Procedures Manual to recognize the new committee structure and clarify that VOSTF references will typically be deemed to be refer to IDAWG.



PREVIOUSLY ADOPTED AMENDMENTS TO THE P&P MANUAL EFFECTIVE IN ~~2025~~2026

A notice to recognize the termination of the Valuation of Securities (E) Task Force at the end of 2025 and its replacement with a new committee structure in 2026 – At the direction of the Financial Condition (E) Committee, effective January 1, 2026 the Valuation of Securities (E) Task Force (“VOSTF”) will be dissolved and replaced by a new committee structure. VOSTF will be replaced by the Invested Assets (E) Task Force (“IATF”) with three working groups reporting to it:

- Invested Assets (E) Working Group (“InvAWG”), focused primarily on portfolio level analysis;
- Investment Designation Analysis (E) Working Group (“IDAWG”), focused primarily on analysis of individual investments for assignment of NAIC Designations by the NAIC Investment Analysis Office; and
- Credit Rating Provider (E) Working Group (“CRPWG”), focused primarily on the administration of the Credit Rating Provider Due Diligence Framework once it has been developed by the third-party consultant and adopted by regulators.

Beginning in 2026, all Purposes and Procedures Manual References to the VOSTF, or the Task Force, will be deemed to refer to IDAWG. IDAWG will work to update references throughout the Purposes and Procedures Manual and to make any necessary, substantive changes to reflect the new committee structure over the course of 2026.

https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2025/2025-12-10 - NAIC Fall NM/06-New Committee Structure/2025-012.01 PP_Manual_New Committee Structure.docx