

*2021 Fall National Meeting
San Diego, California*

VALUATION OF SECURITIES (E) TASK FORCE

Sunday, December 12, 2021

3:00–4:30 p.m.

Meeting Summary Report

The Valuation of Securities (E) Task Force met Dec. 12, 2021. During this meeting, the Task Force:

1. Adopted its Sep. 30, Nov. 17, and Summer National Meeting minutes, which included the following action:
 - A. Adopted its 2022 proposed charges.
 - B. Adopted an amendment to the P&P Manual to add additional instructions for the review of funds to clarify guidance for fund leverage and the use of derivatives, which was exposed for a 30-day public comment period ending July 1.
 - C. Adopted an amendment to the P&P Manual to permit securities that are CTL-like and GLF-like transactions to use NAIC credit rating provider (CRP) ratings through FE if they are structured as securities, which was exposed for a 30-day public comment period ending June 28.
 - D. Adopted an amendment to the P&P Manual to conform guidance to the Statutory Accounting Principles (E) Working Group's adopted change to Statement of Statutory Accounting Principles (SSAP) No. 105R—Working Capital Finance Investments, which was exposed for a 45-day public comment period ending Jan. 18.
 - E. Adopted an amendment to the P&P Manual amendment for the addition of the U.S. International Development Finance Corporation (DFC) to the "U.S. Government Full Faith and Credit – Filing Exempt" list, which was exposed for a 30-day public comment period ending Oct. 30.
 - F. Adopted an amendment to the P&P Manual to add Spanish GAAP to the list of Countries and Associated National Financial Presentation Standards after a technical procedural assessment and recommendation to adopt was submitted to the Task Force by the SVO.
 - G. Adopted an amendment to the P&P Manual to add back zero-loss criteria for legacy-modeled RMBS and CMBS, which was exposed for a 15-day public comment period ending Oct. 15.
 - H. Exposed an amendment to the P&P Manual to permit the SVO to rely on the parent entity's rating for an unrated and unguaranteed subsidiary in a working capital finance investment (WCFI) program, which was exposed for a 30-day public comment period ending Aug. 16 and referred the amendment to the Statutory Accounting Principles (E) Working Group for comment.
 - I. Received a referral from the Statutory Accounting Principles (E) Working Group and exposed a related amendment to the P&P Manual to clarify the proper reporting and NAIC designation for residual tranches and interests for a 15-day public comment period ending Dec. 2.
 - J. Exposed a non-substantive technical correction amendment to the P&P Manual to clarify the mapping of NAIC 5GI to a Designation Category for a 15-day public comment period ending Dec. 2.
 - K. Received NAIC staff reports on: Projects before the Statutory Accounting Principles (E) Working Group and the status of the Structured Securities Group's (SSG's) financial modeling request for proposal (RFP) and implementation of the adopted changes for legacy/non-legacy residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS).



2. Adopted the meeting minutes for the Summer National meeting, September 30 and November 17, 2021, interim meetings.
3. Adopted amendment to P&P Manual to remove residual tranches from receiving an NAIC Designation, which was exposed for a 15-day public comment period ending Dec. 2.
4. Adopted amendment to P&P Manual to Clarifying 5GI Mapping to NAIC Designation Category, which was exposed for a 15-day public comment period ending Dec. 2.
5. Expose a proposed amendment to the P&P Manual to update the definition of Other Non-Payment Risk assigned a Subscript "S" for a 60-day public comment period ending Feb. 11, 2022.
6. Expose a proposed amendment to the P&P Manual to update the definition of Principal Protected Securities (PPS) for a 60-day public comment period ending Feb. 11, 2022.
7. Expose a proposed amendment to the P&P Manual to assign NAIC Designations to investments with a Fixed Income component for reporting on Schedule BA for a 60-day public comment period ending Feb. 11, 2022.
8. Expose a proposed amendment to the P&P Manual to permit the SVO to assign NAIC Designations to unrated subsidiaries of in WCFI transactions for a 60-day public comment period ending Feb. 11, 2022.
9. Hear a staff report on the use of NAIC Designations by other jurisdictions in the regulation of insurers and expose it for a for a 60-day public comment period ending Feb. 11, 2022.
10. Receive a staff report on rating issues and proposed changes to the filing exemption process.
11. Hear a staff report on projects of the Statutory Accounting Principles (E) Working Group.

<https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2021/12 December FALL NATIONAL METING/Summary/VOSTF Summary for Fall National Meeting 2021-12-12.docx>