Meeting Summary Report

The Valuation of Securities (E) Task Force met March 23, 2023. During this meeting, the Task Force:

1. Adopted its Feb. 21, 2023, and 2022 Fall National Meeting minutes. During these meetings, the Task Force took the following action:
   A. Adopted a *Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual)* amendment to update references to 5GI. The amendment had previously been exposed for a 60-day public comment period ending Feb. 13.
   B. Adopted a P&P Manual amendment to add instructions for the financial modeling of collateralized loan obligations (CLOs). The amendment had previously been exposed for a 15-day public comment period ending Jan. 9.
   C. Discussed proposed CLO modeling methodology (excluding scenarios and probabilities).

2. Received a report on the projects of the Risk-Based Capital (RBC) Investment Risk and Evaluation (E) Working Group.

3. Discussed an amendment to the P&P Manual to add instructions for structured equity and funds and deferred a decision on the amendment. The amendment had previously been exposed for a 60-day public comment period ending Feb. 13. The Task Force directed staff to send a referral to the Statutory Accounting Principles (E) Working Group to request that it consider the definition of structured equity and funds in its residual guidance.

4. The Task Force directed staff to draft an amendment outlining recommended procedural steps for reviewing filing exempt (FE) investment securities for which it has concerns about the assigned NAIC Designation and the steps insurers could take to clarify and rebut the Securities Valuation Office’s (SVO’s) concerns about the proposed NAIC Designation.

5. Discussed next steps for the CLO modeling project.

6. Discussed proposed questions for NAIC credit rating providers (CRPs) and requested that any recommendations be sent to SVO staff.

7. Exposed a proposed P&P Manual amendment to update the Notice of Credit Deterioration for the List of Qualified U.S. Financial Institutions for a 15-day public comment period ending April 10, followed by an e-vote. The Task Force directed staff to also refer the amendment to the Reinsurance (E) Task Force.
8. Received the Annual Report from the SVO on year-end carry-over filings.

9. Received a staff report on projects of the Statutory Accounting Principles (E) Working Group.