



## Synopsis

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**Synopsis of the NAIC Committee, Subcommittee, and Task Force Meetings  
2024 Spring National Meeting  
March 15–18, 2024**

TO: Members of the NAIC and Interested Parties

FROM: The Staff of the NAIC

Committee Action

NAIC staff have reviewed the committee, subcommittee, and task force reports and highlighted the actions taken by the committee groups during the 2024 Spring National Meeting. The purpose of this report is to provide NAIC Members, state insurance regulators, and interested parties with a summary of these meeting reports.

**EXECUTIVE (EX) COMMITTEE AND PLENARY (Joint Session)**

March 18, 2024

1. Received the March 17 report of the Executive (EX) Committee.
2. Adopted by consent the committee, subcommittee, and task force minutes of the 2023 Fall National Meeting.
3. Adopted the NAIC *National Climate Resilience Strategy for Insurance*.
4. Received the report of the Life Insurance and Annuities (A) Committee. Refer to the Committee listing for details.
5. Received the report of the Health Insurance and Managed Care (B) Committee. Refer to the Committee listing for details.
6. Received the report of the Property and Casualty Insurance (C) Committee. Refer to the Committee listing for details.
7. Received the report of the Market Regulation and Consumer Affairs (D) Committee. Refer to the Committee listing for details.
8. Received the report of the Financial Condition (E) Committee. Refer to the Committee listing for details.
9. Received the report of the Financial Regulation Standards and Accreditation (F) Committee. Refer to the Committee listing for details.
10. Received the report of the International Insurance Relations (G) Committee. Refer to the Committee listing for details.
11. Received the report of the Innovation, Cybersecurity, and Technology (H) Committee. Refer to the Committee listing for details.
12. Approved the Request for NAIC Model Law Development to amend the *Public Adjuster Licensing Model Act* (#228).
13. Adopted the amendments to the *Unfair Trade Practices Act* (#880).
14. Adopted the amendments to the Market Conduct Annual Statement (MCAS) data element revision process.
15. Received a status report on the state implementation of NAIC-adopted model laws and regulations.

**EXECUTIVE (EX) COMMITTEE**

March 17, 2024

1. Adopted the report of the joint meeting of the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee, which met March 16 in regulator-to-regulator session, pursuant to paragraph 4 (internal or administrative matters of the NAIC or any NAIC member) of the NAIC Policy Statement on Open Meetings. During this meeting, the Committee and Subcommittee took the following action:
  - A. Adopted their 2023 Fall National Meeting minutes.
  - B. Adopted their Feb. 9 and Jan. 12 minutes, which included the following action:

- i. Selected 2028 national meeting site locations: 1) Spring – Arlington, TX; 2) Summer – Boston, MA; and 3) Fall – Washington, DC.
- ii. Selected Commissioner Allan L. McVey (WV) to serve on the National Insurance Producer Registry (NIPR) Board of Directors.
- iii. Extended Director Elizabeth Kelleher Dwyer’s (RI) appointment to the Financial Stability Oversight Council (FSOC) to a second two-year term.
- iv. Approved Audit Committee appointments.
- v. Approved Consumer Participation Board of Trustees appointments.
- C. Adopted the report of the Audit Committee, which met March 7. During this meeting, the Committee took the following action:
  - i. Received the Dec. 31, 2023, financial update.
  - ii. Received the 2023 year-end financial audit.
  - iii. Received an update on the upcoming Service Organization Control (SOC) 1 and SOC 2 reviews.
  - iv. Reviewed the status of zone financials and the formation of a small group of members from each zone to review and simplify the zone funding and reporting process.
- D. Adopted the report of the Internal Administration (EX1) Subcommittee, including its Feb. 20 minutes. During this meeting, the Subcommittee took the following action:
  - i. Received the Dec. 31, 2023, Long-Term Investment (LTI) Portfolio report.
  - ii. Received the Dec. 31, 2023, Defined Benefit Portfolio report.
  - iii. Approved the termination date of May 31, 2024, for the Defined Benefit Pension Plan.
  - iv. Approved the LTI Portfolio targets and allocation recommendation.
- E. Ratified the memorandum of understanding between the Federal Insurance Office (FIO) and the NAIC.
- F. Selected San Diego, CA, as the new location for the 2026 Spring National Meeting.
- G. Discussed the initial steps of a request for proposal (RFP) to retain a consultant to develop a framework for the regulation of insurer investments.
- 2. Adopted its Jan. 12 meeting report. During this meeting, the Committee took the following action:
  - A. Appointed Commissioner McVey to serve on the NIPR Board of Directors.
  - B. Approved to extend the appointment of Director Dwyer to the FSOC.
  - C. Approved the appointments to the Audit Committee.
  - D. Approved the appointments to the 2024 Consumer Participation Board of Trustees.
  - E. Heard an update on the chief executive officer (CEO) search and confirmed Search Committee members.
- 3. Adopted the report of the Climate and Resiliency (EX) Task Force. Refer to the Task Force listing for details.
- 4. Adopted the report of the Government Relations (EX) Leadership Council. Refer to the Leadership Council listing for details.
- 5. Adopted the report of the Special (EX) Committee on Race and Insurance. Refer to the Special Committee listing for details.
- 6. Received a status report on the 2023 Annual Report of the NAIC Designation Program Advisory Board.
- 7. Received a status report on model law development efforts for amendments to: 1) the *Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act* (#171); 2) the *Unfair Trade Practices Act* (#880); and 3) the new *Insurance Consumer Privacy Protection Model Law* (#674).
- 8. Received reports from NIPR and the Interstate Insurance Product Regulation Commission (Compact).

## **Climate and Resiliency (EX) Task Force**

### **March 18, 2024**

- 1. Adopted its 2023 Fall National Meeting minutes.
- 2. Heard an update on federal initiatives. President Joe Biden’s 2024 proposed budget includes \$23 billion for climate adaptation and resilience actions. Current federal legislative activity includes many proposed bills, including the Preparing Regulators Effectively for a Post-Prohibition Adult-Use Regulated Environment (PREPARE) Act, the Incorporating National Support for Unprecedented Risks and Emergencies (INSURE) Act,

and the Wildfire Response Improvement Act. The Federal Emergency Management Agency (FEMA) continues to expand its reinsurance program and has proposed a new homeowners flood form.

3. Heard a presentation from Marsh McLennan on innovation for reducing climate risk, particularly focused on community-wide insurance strategies and how the complex ecosystem of climate risks across insurance and other societal systems can slow collective action. Many programs and partnerships are emerging with innovative solutions, but work remains to scale the impact.
4. Heard a presentation from Resilient Methow, which produced a climate action plan to prepare for the impacts of climate change and reduce local sources of greenhouse gas emissions. The climate action plan details realistic, practical strategies and actions communities and local governments can take to become resilient and carbon-neutral.
5. Received an update from its Solvency Workstream, which exposed a directional memorandum on a risk-based capital (RBC) blanks proposal. The Workstream will continue to consider constructive feedback as the proposal moves to the next step.

### **Government Relations (EX) Leadership Council**

The Government Relations (EX) Leadership Council did not meet at the Spring National Meeting.

### **Special (EX) Committee on Race and Insurance**

March 16, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Received a status report from the Health Workstream. The Workstream continues to: 1) support the work of the Big Data and Artificial Intelligence (H) Working Group and the development and analysis of the health artificial intelligence (AI)/machine learning (ML) survey; 2) review Section 1557 of the federal Affordable Care Act (ACA) regarding discriminatory benefit design; and 3) reinvigorate the data collection discussion through learning sessions focusing on what insurers need as part of their efforts to promote health equity.
3. Received a status report from the Life Workstream, which met Feb. 28. During this meeting, the Workstream took the following action:
  - A. Distributed the Financial Wellness Resource Guide.
  - B. Heard a presentation from Champlain College (Burlington, VT) on its *2023 National Report Card on State Efforts to Improve Financial Literacy in High Schools*.
  - C. Exposed a draft endorsement that supports state legislation requiring a financial literacy course as a prerequisite to high school graduation for a 30-day public comment period ending April 1.
  - D. Discussed barriers to accessing life insurance.
4. Received a status report from the Property/Casualty (P/C) Workstream, which met March 7 in regulator-to-regulator session. During this meeting, the Workstream took the following action:
  - A. Reviewed its 2024 charges and work plan.
5. Received an update on the Member Diversity Leadership Forum.
6. Heard a presentation from Champlain College on state efforts to improve financial literacy in high schools.

### **INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE**

Refer to the Executive (EX) Committee listing for details.

### **LIFE INSURANCE AND ANNUITIES (A) COMMITTEE**

March 17, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Adopted the report of the Life Actuarial (A) Task Force.
3. Heard an update on federal activity involving life insurance.
4. Received an update from the Accelerated Underwriting (A) Working Group. The Working Group plans to continue its work on a regulatory guidance document.

5. Received an update on the Annuity Suitability (A) Working Group. The Working Group plans to resume its meetings to continue the development of regulatory guidance related to the safe harbor/comparable standards provision in the revised *Suitability in Annuity Transactions Model Regulation* (#275). As of early March, 49 states and territories have adopted or have pending regulations implementing the best-interest revisions to Model #275
6. Heard from the American Council of Life Insurers (ACLI) regarding its concerns with the Notice of Proposed Rulemaking (NPRM) issued in September 2023 by the U.S. Department of the Treasury (Treasury Department), the Federal Reserve System, and the Federal Deposit Insurance Corporation (FDIC) affecting bank-owned life insurance (BOLI). The ACLI submitted comments to the Federal Reserve, FDIC, and Office of the Comptroller of the Currency (OCC) requesting changes to the proposal, including: 1) revising the proposal so corporate exposures to all investment grade life insurers are treated the same, regardless of the ownership structure, and 2) eliminating or revising approaches impacting life insurers' risk hedging activities including the proposed Global Systematically Important Bank (GSIB) surcharge.

### **Life Actuarial (A) Task Force**

#### March 14–15, 2024

1. Adopted its Feb. 29, Feb. 15, Feb. 8, Feb. 1, and Jan. 25 minutes, which included the following action:
  - A. Adopted its 2023 Fall National Meeting minutes.
  - B. Adopted amendment proposal form (APF) 2023-12, which adds additional requirements on the reflection of equity return volatility in asset adequacy analysis.
  - C. Adopted APF 2023-11, which removes references to risk-based capital (RBC) in the *Valuation Manual* that are inconsistent with the purpose, scope, and intended use of RBC.
  - D. Adopted APF 2024-02, which clarifies governance requirements for the Variable Annuity (VA) Report section of the Principle-Based Reserving (PBR) Actuarial Report. APF was exposed Feb. 8 for a seven-day public comment period that ended Feb. 15.
  - E. Discussed APF 2024-03, which would: 1) provide state insurance regulators with what is needed to review the reserves and solvency of life insurers; 2) steer clear of conflict with reciprocal jurisdiction and covered agreement issues; and 3) avoid unnecessary work for U.S. ceding companies where there is an immaterial risk.
  - F. Discussed a proposal to require asset adequacy analysis for life and annuity reinsurance transactions.
  - G. Discussed a memorandum on permitted practices.
  - H. Exposed APF 2024-01, which defines the term “qualified actuary” in the *Valuation Manual*, for a 30-day public comment period that ended Feb. 21.
  - I. Re-exposed APF 2023-12, which requires that the volatility of equity investments be reflected in asset adequacy analysis.
  - J. Re-exposed APF 2023-13, which updates the *Valuation Manual* to allow for international mortality tables for relevant assumed business.
2. Reported that the Task Force met March 11 and Feb. 26 in regulator-to-regulator session, pursuant to paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement, to continue work on its goals.
3. Adopted the report of the Indexed Universal Life (IUL) Illustration (A) Subgroup, which has not met since the adoption of the Subgroup's main work product, revisions to *Actuarial Guideline XLIX-A—The Application of the Life Illustrations Model Regulation to Policies With Index-Based Interest to Policies Sold on or After December 14, 2020* (AG 49-A), by the Life Actuarial (A) Task Force on Dec. 11, 2022.
4. Adopted the report of the Longevity Risk (E/A) Subgroup, which has not met since the 2023 Fall National Meeting. The Subgroup will resume the meetings once the currently exposed VM-22, Requirements for Principle-Based Reserves for Non-Variable Annuities, PBR methodology is finalized and adopted to develop and recommend longevity risk factor(s) for the product(s) that were excluded from the application of the current longevity risk factors.

5. Adopted the report of the Valuation Manual (VM)-22 (A) Subgroup, which met Feb. 28, 2024; Jan. 31, 2024; and Dec. 13, 2023. During these meetings, the Subgroup took the following action:
  - A. Discussed comments received on the VM-G, Appendix G—Corporate Governance Guidance for Principle-Based Reserves draft.
  - B. Discussed comments received on the VM-22 reserves supplement blank.
  - C. Discussed comments received on the VM-31, PBR Actuarial Report Requirements for Business Subject to a Principle-Based Valuation, draft.
  - D. Heard updates on mortality assumptions for the standard projection amount (SPA).
  - E. Heard a presentation from the Society of Actuaries (SOA) on VM-22 group annuity mortality assumptions.
  - F. Heard a presentation from the SOA on VM-22 SPA proposed mortality adjustment factors for individual annuities.
  - G. Discussed the VM-22 SPA draft.
6. Heard an update from the American Academy of Actuaries (Academy) and Ernst and Young (EY) on the VM-22 field test.
7. Adopted the report of the Experience Reporting (A) Subgroup and discussed comments received on a potential group annuity mortality experience data collection.
8. Adopted the report of the Variable Annuities Capital and Reserve (E/A) Subgroup and heard a presentation on the VM-21, Requirements for Principle-Based Reserves for Variable Annuities, SPA assumptions.
9. Discussed VM-20, Requirements for Principle-Based Reserves for Life Products, and the historical mortality improvement (HMI) and future mortality improvement (FMI) factors.
10. Adopted the report of the Generator of Economic Scenarios (GOES) (E/A) Subgroup, which met Feb. 21, 2024; Feb. 14, 2024; Feb. 7, 2024; Jan. 31, 2024; Jan. 24, 2024; Jan. 17, 2024; Jan. 10, 2024; and Dec. 18, 2023, minutes. During these meetings, the Subgroup took the following action:
  - A. Discussed the Conning corporate model.
  - B. Discussed unaggregated GOES field test specifications.
  - C. Discussed the GOES equity-Treasury linkage.
  - D. Heard a presentation on the variable annuity (VA) model office.
  - E. Discussed stochastic exclusion ratio test (SERT) scenarios and deterministic reserve (DR) scenario methodology.
  - F. Discussed the Conning Treasury flooring methodology.
  - G. Discussed quantitative comparisons between the Conning and Academy corporate models.
  - H. Discussed the equity model calibration approach.
  - I. Discussed scenario stratification.
11. Discussed comments received on the GOES acceptance criteria.
12. Discussed *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53) reporting.
13. Heard a presentation from the Academy on asset intensive reinsurance ceded offshore.
14. Discussed a proposal to require asset adequacy analysis for certain reinsurance.
15. Heard an update from the SOA on research and education.
16. Heard an update from the Academy's Council on Professionalism and Education.
17. Re-exposed APF 2024-01, which defines standards for qualified actuaries in the *Valuation Manual*, for a 21-day public comment period ending April 8.
18. Heard an update from the Academy's Life Practice Council on its activities.
19. Re-exposed APF 2023-13, which would allow non-U.S. mortality tables to be used in the *Valuation Manual* for non-U.S. lives, for a 21-day public comment period ending April 8.
20. Discussed a reference correction to VM-01, Definitions for Terms in Requirements.
21. Discussed whether and to what extent variation of practice should be allowed according to the *Valuation Manual*.

## HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE

March 18, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Adopted the report of the Health Actuarial (B) Task Force. Refer to the Task Force listing for details.
3. Adopted the report of the Long-Term Care Insurance (B) Task Force. Refer to the Task Force listing for details.
4. Adopted the report of the Regulatory Framework (B) Task Force. Refer to the Task Force listing for details.
5. Adopted the report of the Senior Issues (B) Task Force. Refer to the Task Force listing for details.
6. Adopted the report of the Consumer Information (B) Subgroup, which met Feb. 27. During this meeting, the Subgroup took the following action:
  - A. Discussed its activities for 2024.
7. Adopted the report of the Health Innovations (B) Working Group, which met March 17. During this meeting, the Working Group took the following action:
  - A. Adopted its 2023 Fall National Meeting minutes.
  - B. Heard presentations from the American Investment Council (AIC), Georgetown University Center on Health Insurance Reforms (CHIR), and the Private Equity Stakeholder Project (PESP) on private equity in health care.
8. Received an update on the work of the Long-Term Care Insurance (B) Task Force and the Long-Term Care Actuarial (B) Working Group. Both groups are focusing their work on developing a single long-term care insurance (LTCI) multistate actuarial (MSA) rate review approach.
9. Heard a presentation from Georgetown University's Health Policy Institute at the McCourt School of Public Policy on ground ambulances, which included information to assist state insurance regulators in understanding the basics of how ground ambulance services work in the U.S. The presentation highlighted the lack of protections for consumers in the federal No Surprises Act (NSA) from receiving surprise bills for ground ambulance services and why it is important that this gap in protections should be filled.
10. Heard a presentation from the consumer perspective on the federal Affordable Care Act's (ACA's) Section 1557 proposed nondiscrimination rule. The panel presenters provided a timeline for the proposed rule and explained the proposed rule changes, including those related to discriminatory benefit design and prescription drug access.
11. Heard an update from the federal Center for Consumer Information and Insurance Oversight (CCIIO) on recent activities of interest to the Committee, including information on the Final Notice of Payment and Benefit Parameters for 2025, the recently finalized federal prior authorization rule, and federal Centers for Medicare & Medicaid Services (CMS) activities related to the Change Healthcare cybersecurity attack.

## Health Actuarial (B) Task Force

March 15, 2024

1. Adopted its Feb. 20 minutes. During this meeting, the Task Force took the following action:
  - A. Adopted its 2023 Fall National Meeting Minutes
  - B. Adopted a proposal from the Long-Term Care Actuarial (B) Working Group to add language to *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* (AG 51) that clarifies that regardless of which annual statement blank an insurer files, it must make an AG 51 filing if the AG 51 filing requirement criteria are met.
  - C. Discussed an American Academy of Actuaries (Academy)/Society of Actuaries (SOA) 2013 Individual Disability Income Valuation Tables update proposal.
  - D. Exposed an SOA proposal to revise VM-26, Credit Life and Disability Reserve Requirements, Section 3.B. Contract Reserves for Credit Disability Insurance for a 45-day public comment period ending May 3.
2. Adopted its amended 2024 charges, which reflect that the Long-Term Care Actuarial (B) Working Group now reports to the Long-Term Care Insurance (B) Task Force and no longer reports to the Health Actuarial (B) Task Force.
3. Heard an update on SOA Research Institute activities.
4. Heard a presentation from the SOA on its education redesign.



5. Heard an update from the federal Center for Consumer Information and Insurance Oversight (CCIIO).
6. Heard an update from the Academy's Health Practice Council on its activities.
7. Heard an Academy professionalism update.
8. Discussed Medicare Supplement underwriting and rating issues.

### **Long-Term Care Insurance (B) Task Force**

March 16, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Heard a report on industry trends that could have an impact on the solvency of long-term care insurance (LTCI) companies and reserves. Topics that will continue to be monitored include the impacts of cost-of-care inflation, morbidity and incidence improvements, rate increase approvals, and performance of the assets supporting the LTCI block of business.
3. Received an overview of a consumer notices and reduced benefit options (RBOs) research project that the Center for Insurance Policy and Research (CIPR) is conducting. A survey will begin in a week, and preliminary results are anticipated in April.
4. Adopted an amendment to *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* (AG 51).
5. Adopted the report of the Long-Term Care Actuarial (B) Working Group, which met March 15. During this meeting, the Working Group took the following action:
  - A. Adopted its 2023 Fall National Meeting minutes.
  - B. Adopted its Feb. 20 minutes. During this meeting, the Working Group took the following action:
    - i. Discussed a single LTCI multistate rate review approach.
  - C. Discussed developing a single LTCI multistate actuarial (MSA) rate review approach.
  - D. Exposed the Minnesota approach, with modifications to align with agreed-upon concepts, for a 45-day public comment period ending May 3.
7. Discussed LTCI MSA matters. The Task Force indicated support for the Long-Term Care Actuarial (B) Working Group's development of a single LTCI MSA approach and the Working Group's continued consideration of addressing issues related to 80+ attained age considerations, long duration, and cumulative increases, as it develops the single LTCI MSO approach. State insurance regulators and interested parties are encouraged to be engaged in these discussions and provide feedback on the exposure draft at the Long-Term Care Actuarial (B) Working Group. Its goal is to finalize the development of a single approach by the end of 2024.
8. Discussed the timeliness of LTCI rate reviews. State insurance regulators are encouraged to consider the impact of the timeliness of LTCI rate reviews on future loss ratios and future rate increases that may be requested by insurers; coordinate between rate review and form review staff; communicate to the industry on the best time frames to submit rate filings; and engage with internal staff at all levels about rate filings.
9. Discussed how the consumer representatives sent a letter to the Senior Issues (B) Task Force asking the NAIC to take a leadership role in bringing together states, state insurance regulators, the industry, and consumers to discuss how states may think about financing long-term care (LTC) in their states.

### **Regulatory Framework (B) Task Force**

March 16, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Adopted the report of the Accident and Sickness Insurance Minimum Standards (B) Subgroup, which met Feb. 26, Feb. 12, and Jan. 29. During these meetings, the Subgroup took the following action:
  - A. Discussed the Dec. 1, 2023, comments received on the Oct. 12, 2023, draft of proposed revisions to the *Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act* (#171).
3. Adopted the report of the Employee Retirement Income Security Act (ERISA) (B) Working Group.

4. Adopted the report of the Mental Health Parity and Addiction Equity Act (MHPAEA) (B) Working Group, including its 2023 Fall National Meeting minutes. Additionally, the Working Group will meet March 17. During this meeting, the Working Group plans to take the following action:
  - A. Hear presentations on opioid use disorder and medication for opioid use disorder (MOUD).
  - B. Meet in regulator-to-regulator session, pursuant to paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement on Open Meetings, to continue discussion of the opioid use disorder issue.
5. Adopted the report of the Pharmacy Benefit Manager Regulatory Issues (B) Subgroup.
6. Received an update on the work of the Accident and Sickness Insurance Minimum Standards (B) Subgroup. The Subgroup is currently reviewing and discussing the comments received on the Oct. 12, 2023, draft of proposed revisions to Model #171. The Subgroup hopes to complete its review of the comments prior to the Summer National Meeting and forward the revised draft to the Task Force for its consideration.
7. Heard a presentation from the American Bankers Association (ABA) Health Savings Account (HSA) Council representatives on embedded insurance code provisions protecting HSAs. The presentation highlighted 2023 state legislative activity using embedded insurance code provisions to carve out or exempt HSAs from certain benefit mandate/limited cost-sharing bills and copayment accumulator bills to protect the ability of HSA account holders to continue to use their HSA. They also discussed the ABA HSA Council's 2024 state advocacy initiatives and priorities, which include working with states to expand the number of states that have enacted embedded insurance code provisions. Currently, eight states have such provisions.
8. Discussed draft proposed revised 2024 charges for the Pharmacy Benefit Manager Regulatory Issues (B) Subgroup. The proposed revised charges would expand the scope of the current Subgroup's work to include other entities in the prescription drug ecosystem. The Task Force plans to set a public comment period to receive comments on the draft proposed revised 2024 charges. Following the end of the public comment period, the Task Force will meet to discuss the comments received and consider adoption of the revised charges.
9. Heard information on World Hypertension Day, which is May 17.

### **Senior Issues (B) Task Force**

#### **March 16, 2024**

1. Adopted its Feb. 29 minutes. During this meeting, the Task Force took the following action:
  - A. Adopted its 2023 Fall National Meeting minutes.
  - B. Discussed access to Medigap coverage and challenges for those under and over the age of 65.
2. Heard an update from the federal Centers for Medicare & Medicaid Services (CMS) on the status of the provisions of the new prescription drug law in the federal Inflation Reduction Act (IRA).
3. Heard an update on the status of California's Long-Term Care Insurance Task Force.
4. Heard a presentation on the WA Cares Fund.
5. Heard a request from NAIC consumer representatives, who asked the NAIC to explore proposals to create state programs to finance long-term care (LTC).

### **PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE**

#### **March 18, 2024**

1. Adopted its 2023 Fall National Meeting minutes.
2. Adopted the report of the Casualty Actuarial and Statistical (C) Task Force. Refer to the Task Force listing for details.
3. Adopted the report of the Surplus Lines (C) Task Force. Refer to the Task Force listing for details.
4. Adopted the report of the Title Insurance (C) Task Force. Refer to the Task Force listing for details.
5. Adopted the report of the Workers' Compensation (C) Task Force. Refer to the Task Force listing for details.
6. Adopted the report of the Cannabis Insurance (C) Working Group, which has not met in 2024. However, it is seeking feedback on a work plan for 2024. Prospective work plan items include adding a white paper addendum on emerging issues, meeting with cannabis insurance regulators, exploring unique structures

created to address coverage needs, and keeping abreast of related movements at the federal level.

7. Adopted the report of the Catastrophe Insurance (C) Working Group, which met March 16 in joint session with the NAIC/Federal Emergency Management Agency (FEMA) (C) Advisory Group. During this meeting, the Working Group and Advisory Group took the following action:
  - A. Adopted their 2023 Fall National Meeting minutes.
  - B. Heard a federal update, which included information about the federal budget for 2025. Items included in the budget proposal are \$23 billion for climate adaptation and resilience, resources for flood hazard mapping, and investment in wildland firefighters. Other legislation of interest include topics about artificial intelligence (AI) in natural hazard modeling, emergency preparedness, wildfire resilience and mitigation, acceleration of FEMA's delivery of funds, improving the federal Flood Insurance Rate Map Interagency Act, and reauthorizing the federal Earthquake Hazards Reduction Act of 1977 through fiscal year 2028.
  - C. Received an update on the Center of Excellence (COE) resiliency activities. The COE has partnered with the Federal Alliance for Safe Homes (FLASH) to author the Resiliency Policy Resource Guide and Retrofitting Playbook for Regulators. Additionally, the COE will provide zone training on resilience, which will be held in April for the Northeast, Southeast, and Western Zones. The COE also has a resiliency hub designed to assist departments of insurance (DOIs) to become more resilient to disaster, and it will begin to work with states on resiliency efforts.
  - D. Heard an update from California on its recent flooding and 2023 disasters.
  - E. Heard from Maryland about the materials it uses following a catastrophe. Maryland has many resources it is willing to share, including after-the-storm messages; alerts; brochures; consumer advisories; disaster preparedness documents; frequently asked questions (FAQ); insurance FAQ; monthly emails; pre-disaster cards and videos; post-disaster cards, messages, and videos; podcasts; sample social media posts; storm videos; and a virtual disaster center and a message about its existence.
  - F. Heard an update about FEMA coordinating with insurers and state insurance regulators to make the process for insureds needing documentation to get individual assistance more uniform. FEMA is to meet with insurers and members of the Working Group and Advisory Group to continue updates on its individual assistance program. It also plans to work with insurers to create a national process for insurers to provide FEMA with various required information.
  - G. Heard an update on the FEMA Region 3 workshop, which includes the following states: Delaware; Maryland; Pennsylvania; Virginia; Washington, DC; and West Virginia. The Pennsylvania Insurance Department will host the workshop May 6–7.
  - H. Heard an update on the 2024 Earthquake Summit, which will be held in October.
8. Adopted the report of the Terrorism Insurance Implementation (C) Working Group, which has not yet met in 2024. However, it plans to hear about workers' compensation data during a future meeting.
9. Adopted the report of the Transparency and Readability of Consumer Information (C) Working Group, which did not meet prior to the Spring National Meeting. However, the Working Group had exposed the premium increase transparency guidance for a 51-day public comment period that ended Feb. 1. The Working Group plans to meet in the near future to review the comments received.
10. Heard a presentation from United Policyholders (UP) on ways to educate consumers about homeowners insurance, including shopping tips on deductibles and risk mitigation.
11. Heard a presentation from Guy Carpenter and Eversheds Sutherland on parametric products.
12. Heard an update on the state insurance regulator property/casualty (P/C) market intelligence data call, which was issued to relevant insurers March 8. Data is due June 6.

### **Casualty Actuarial and Statistical (C) Task Force**

#### March 16, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Adopted its Feb. 14 and Feb. 13 minutes. During its Feb. 14 e-vote and Feb. 13 meeting, the Task Force took the following action:

- A. Adopted the *2020/2021 Auto Insurance Database Report* (Auto Report).
  - B. Adopted the report of the Actuarial Opinion (C) Working Group, which submitted a proposal to the Blanks (E) Working Group with changes to the 2024 Property/Casualty (P/C) Opinion and 2024 Title Opinion instructions.
  - C. Adopted the report of the Statistical Data (C) Working Group, which adopted the *Report on Profitability by Line by State* (Profitability Report) and the *Competition Database Report* (Competition Report).
  - D. Discussed its 2024 charges and work plan.
  - E. Adopted a motion to allow the NAIC Rate Model Review Team to modify its workload process from a strict first-come, first-served process to one that also considers special circumstances (e.g., 30-day deadlines).
  - F. Discussed the Rate Model Review Team's generalized linear model (GLM) information needs.
  - G. Discussed the available liaison positions.
3. Adopted the report of the Actuarial Opinion (C) Working Group, which met Jan. 5. During this e-vote, the Working Group took the following action:
    - A. Adopted a proposal to the Blanks (E) Working Group proposing changes to the 2024 P/C Opinion and the 2024 Title Opinion instructions. The most significant change was in the P/C instructions. The annual reporting of qualification documentation was changed to reporting only upon first assignment as the appointed actuary.
  4. Adopted the report of the Statistical Data (C) Working Group report, which met Dec. 11, 2023. During this meeting, the Working Group took the following action:
    - A. Adopted two motions for these modifications: 1) countrywide mutual and reciprocal and stocks pages will be added to the report; and 2) the introduction will reference the inclusion of information for stock companies separate from mutual companies.
    - B. Discussed changes to the Competition Report.
    - C. Received an update on the *2021 Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report* (Homeowners Report) and the 2019/2020 Auto Report.
  5. Reported that its Schedule P proposal to report 10 years of data for all lines of business was adopted by the Blanks (E) Working Group. The Task Force discussed some comments submitted to the Working Group asking the Task Force to make Schedule P instruction improvements. The Task Force decided to start that effort.
  6. Adopted comments to send to the Actuarial Standards Board (ASB) on the exposed Actuarial Standard of Practice (ASOP) No. 12, *Risk Classification*. Among other comments, the Task Force is concerned that: 1) the ASOP would no longer state the purpose of risk classification nor tie risk classification to expected costs or outcomes; and 2) the concepts of homogeneity and credibility were removed in the proposed ASOP.
  7. Discussed the NAIC Rate Model Review team's model information needs. Some members of the Task Force plan to meet with NAIC staff to further discuss the revised checklist of information needed for a review of a GLM.
  8. Heard reports from the ASB, the Actuarial Board for Counseling and Discipline (ABCD), the American Academy of Actuaries (Academy), the Casualty Actuarial Society (CAS), and the Society of Actuaries (SOA) on their current activities and research.
  9. Discussed other matters, including: 1) the multiple ad hoc groups working on capital adequacy issues; the Cybersecurity (H) Working Group's work on finalizing the Cyber Event Reporting Plan (CERP); and 3) the Catastrophe Insurance (C) Working Group's work on updating the Catastrophe Primer.

### **Surplus Lines (C) Task Force**

March 16, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Adopted the report of the Surplus Lines (C) Working Group, which met Dec. 13, 2023, in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to approve two applicants seeking approval for listing in the *Quarterly Listing of Alien Insurers*.

3. Discussed an issue regarding the lack of uniformity in the service of process filing. The Task Force chair directed the Service of Process Drafting Group to move forward with the development of a service of process form specifically for the surplus lines industry and report back at the Summer National Meeting.

### **Title Insurance (C) Task Force**

March 17, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Adopted its 2023 Summer National Meeting minutes.
2. Received an update on the administration of the *Survey of State Insurance Laws Regarding Title Data and Title Matters*. The Task Force is still collecting filings from 14 jurisdictions. It will begin compiling the results to produce the updated report once the filings are complete.
3. Heard a presentation from October Research on the findings from its *2024 State of the Title Industry Special Report*. Findings include the anticipation of improved economics. It also found that states are taking the initiative on actions related to escrow, affiliated business arrangements, joint ventures, and affordable housing. Presenters shared resources available to state insurance regulators, which include five publications, special reports, annual conferences, webinars, a blog, and a podcast.
4. Heard a presentation from the American Land Title Association (ALTA) on the recent proposed rule from the U.S. Department of the Treasury's (Treasury Department's) Financial Crimes Enforcement Network (FinCEN) on money laundering and residential real estate. The proposed rule would require certain professionals involved in real estate closings and settlements to report information to FinCEN about non-financed transfers of residential real estate to legal entities or trusts.

### **Workers' Compensation (C) Task Force**

The Workers' Compensation (C) Task Force did not meet at the Spring National Meeting.

### **MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE**

March 18, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Adopted the report of the Antifraud (D) Task Force. Refer to the Task Force listing for details.
3. Adopted the report of the Market Information Systems (D) Task Force. Refer to the Task Force listing for details.
4. Adopted the report of the Producer Licensing (D) Task Force. Refer to the Task Force listing for details.
5. Adopted the report of the Market Analysis Procedures (D) Working Group, which met Feb. 26. During this meeting, the Working Group took the following action:
  - A. Adopted its 2023 Fall National Meeting minutes.
  - B. Discussed its 2024 charges. The Working Group will continue its work on assessing the effectiveness of the NAIC Market Information Systems (MIS) tools for market analysis.
  - C. Discussed the final draft of the pet insurance Market Conduct Annual Statement (MCAS) ratios. Both public and non-public ratios were proposed. The public ratios would be posted as the scorecard for the pet insurance line of business, and the non-public ratios would be made available in the iSite+ tools for regulator use only.
  - D. Discussed the premium reporting threshold for the MCAS. The Working Group agreed to maintain the current \$50,000 premium threshold for MCAS reporting and continued its discussion on whether to remove the exemption for fraternal organizations.
  - E. Discussed Market Information Systems (MIS) data.
6. Adopted the report of the Market Conduct Annual Statement Blanks (D) Working Group, which has not met this year. However, the Working Group plans to meet monthly after the Spring National Meeting to continue work on its goals.

7. Adopted the report of the Market Conduct Examination Guidelines (D) Working Group, which met March 5. During this meeting, the Working Group took the following action:
  - A. Discussed its 2024 charges and priorities, which include: 1) developing a new pet insurance chapter for the *Market Regulation Handbook* (Handbook); 2) developing a new pet insurance in-force policy standardized data request (SDR) and a new pet insurance claims SDR; 3) updating Chapter 19—Conducting the Life and Annuity Examination of the Handbook to incorporate revisions adopted in March 2023 by the Executive (EX) Committee and Plenary to *Actuarial Guideline XLIX-A—The Application of the Life Illustrations Model Regulation to Policies with Index Based Interest Sold on or After December 14, 2020* (AG 49); 4) updating Chapter 21A—Conducting the Property and Casualty Travel Insurance Examination of the Handbook to incorporate new review procedures/criteria in Marketing and Sales Examination Standards 3, 4, 8, and 11, and Underwriting and Rating Examination Standard 1; 5) discussing the development of a shared regulator-only collaborative space where uniform guidance can be shared by market regulators; and 6) coordinating with the Innovation, Cybersecurity, and Technology (H) Committee to develop artificial intelligence (AI)-related market conduct examiner guidance.
8. Adopted the report of the Market Regulation Certification (D) Working Group, which met Feb. 26. During this meeting, the Working Group took the following action:
  - A. Discussed its 2024 charges. The Working Group will develop the details and processes outlined in the adopted implementation plan for the Voluntary Market Regulation Certification Program.
  - B. Discussed the provisional certification process. The Working Group invited jurisdictions to submit self-certification reports.
  - C. Discussed the full certification process. The Working Group plans to develop the details for the process by the Fall National Meeting.
  - D. Discussed the implementation of a process for suggesting revisions to the certification program.
9. Adopted the report of the Speed to Market (D) Working Group, which met Feb. 22. During this meeting, the Working Group took the following action:
  - A. Adopted its 2023 Fall National Meeting minutes.
  - B. Received a report on the System for Electronic Rates & Forms Filing (SERFF) modernization project.
  - C. Heard a report from the Interstate Insurance Product Regulation Commission (Compact).
  - D. Adopted revisions to the *Product Filing Review Handbook*.
  - E. Received an update on the 2024 product coding matrix (PCM) adoption rating.
10. Adopted a Request for NAIC Model Law Development for the *Public Adjuster Licensing Model Act* (#228). A new Public Adjuster Licensing (D) Working Group will amend the model to strengthen regulatory standards governing the conduct of public adjusters for the following four issues: 1) individuals acting as unlicensed public adjusters; 2) contractors who are also acting as public adjusters on the same claim; 3) inappropriate assignment of benefit rights; and 4) excessive fees charged by public adjusters.
11. Adopted revisions to the *Product Filing Review Handbook*. These revisions incorporate best practices for the regulatory review of predictive models, adopted by the Casualty Actuarial and Statistical (C) Task Force. Additional revisions were technical and style-related edits to bring the handbook up to date and make it more useful for state insurance regulators and non-regulators.
12. Heard a presentation from the University of Georgia on readability and plain language standards in state insurance laws. The presentation included a request for: 1) the NAIC to evaluate the readability standards of NAIC model laws as they are revised and to use a minimum of an eighth-grade Flesch Reading Ease Score as the standard; and 2) query states with plain language laws on enforcement and to share state best practices with the NAIC.
13. Heard a presentation from Route Insurance on shipping insurance and the prevalence of unlicensed entities offering protection for packages after they leave the custody of the merchant and the transportation carrier. The presentation included a request for regulatory guidance clarifying that shipping insurance is subject to the same licensing requirements applicable to other forms of insurance.

## **Antifraud (D) Task Force**

March 17, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Discussed its 2024 charges and outlined its priorities. In addition to overseeing the work of the Improper Marketing of Health Insurance (D) Working Group and the Antifraud Technology (D) Working Group, the Task Force's priorities include finalizing an NAIC Producer Portal, the Antifraud Plan Repository, and the implementation of Online Fraud Reporting System (OFRS) enhancements.
3. Adopted the report of the Improper Marketing of Health Insurance (D) Working Group, which met March 17. During this meeting, the Working Group took the following action:
  - A. Adopted its 2023 Fall National Meeting minutes.
  - B. Heard from the federal Centers for Medicare & Medicaid Services (CMS) on the current issues consumers are experiencing with continued agent transfers of policy. The Working Group discussed the importance of this issue. It plans to meet in regulator-to-regulator session and conduct public forums to continue its discussions with state, federal, and industry representatives in order to protect consumers.
  - C. Heard from CMS concerning the ongoing efforts surrounding Medicare Advantage.
  - D. Discussed the Federal Trade Commission (FTC) judgment on Simple Health Plans. The FTC obtained a \$195 million judgment against Simple Health Plans over charges that it duped consumers into signing up for scam health care plans that did not deliver the coverage or benefits it promised. The Working Group will follow up with the FTC for additional discussions and information pertaining to this case.
4. Received an update from the Antifraud Technology (D) Working Group. The Working Group did not meet prior to the Spring National Meeting. However, it will be assisting with the implementation process of the new web service and reviewing necessary enhancements to the OFRS.
5. Heard reports from the Coalition Against Insurance Fraud (CAIF) and the National Insurance Crime Bureau (NICB) on antifraud activity.
6. Received an update on the OFRS multifactor authentication (MFA) process. Effective April 1, OFRS industry users will be required to use MFA, which adds an extra layer of security for users and helps protect against unauthorized access by requiring an additional form of authentication beyond username and password.

## **Market Information Systems (D) Task Force**

The Market Information Systems (D) Task Force did not meet at the Spring National Meeting.

## **Producer Licensing (D) Task Force**

The Producer Licensing (D) Task Force did not meet at the Spring National Meeting.

## **FINANCIAL CONDITION (E) COMMITTEE**

March 18, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Adopted the report of the Accounting Practices and Procedures (E) Task Force. Refer to the Task Force listing for details.
3. Adopted the report of the Capital Adequacy (E) Task Force. Refer to the Task Force listing for details.
4. Adopted the report of the Financial Stability (E) Task Force. Refer to the Task Force listing for details.
5. Adopted the report of the Receivership and Insolvency (E) Task Force. Refer to the Task Force listing for details.
6. Adopted the report of the Reinsurance (E) Task Force. Refer to the Task Force listing for details.
7. Adopted the report of the Valuation of Securities (E) Task Force. Refer to the Task Force listing for details.
8. Adopted the report of the NAIC/American Institute of Certified Public Accountants (AICPA) (E) Working Group, which has not met this year. However, the Working Group plans to continue to communicate with AICPA representatives to identify and address issues that arise, including a proposed new Public Company Accounting Oversight Board (PCAOB) standard on an auditor's consideration of a company's noncompliance with laws and regulations in the performance of an audit. In addition, the Working Group will meet later in

the year to discuss the annual premium threshold review of the *Annual Financial Reporting Model Regulation* (#205).

9. Adopted the report of the Group Capital Calculation (E) Working Group, which met Feb. 27. During this meeting, the Working Group took the following action:
  - A. Discussed the process for updating scalars and proposed 2023 scalars.
  - B. Discussed a comment letter received from America's Health Insurance Plans (AHIP) and the American Property Casualty Insurance Association (APCIA).
  - C. Discussed a comment letter received from UnitedHealth Group (UHG).
  - D. Adopted the 2023 scalars that the American Council of Life Insurers (ACLI) proposed.
  - E. Discussed the process for updating scalars in the future.
10. Adopted the report of the Risk-Focused Surveillance (E) Working Group, which met March 16. During this meeting, the Working Group took the following action:
  - A. Discussed the progress of its Affiliated Investment Management Agreement Drafting Group, which was formed to address issues referred from the Macroprudential (E) Working Group in 2022. The issues included solvency monitoring guidance for affiliated investment management agreements and capital maintenance plans, as well as concerns related to ownership structures of insurers and surplus note issuance. The Drafting Group met several times in late 2023 and early 2024 to discuss the referred issues, which resulted in the following action:
    - i. Referred issues related to capital maintenance agreements and surplus note issuance to the Financial Analysis Solvency Tools (E) Working Group, as they are primarily analysis considerations.
    - ii. Developed a blanks proposal to adjust Annual Statement General Interrogatory 29.05 to clarify that insurers should disclose any investment sub-advisors in their responses to the interrogatory. The proposal was exposed by the Blanks (E) Working Group for a public comment period ending April 23.
    - iii. Developed proposed edits to the NAIC's *Financial Analysis Handbook* and *Financial Condition Examiners Handbook* to provide additional guidance to regulators in reviewing affiliated investment management agreements and services provided to an insurer.
  - B. Exposed proposed changes to the NAIC's *Financial Analysis Handbook* and *Financial Condition Examiners Handbook* related to affiliated investment management services for a 45-day public comment period ending April 30. Upon receiving and addressing comments on the proposed changes, they will be referred to the Financial Analysis Solvency Tools (E) Working Group and the Financial Examiners Handbook (E) Technical Group for consideration of adoption.
  - C. Discussed plans for 2024 Peer Review Program sessions, which include a financial analysis session already held in January, a financial examination session scheduled for August, and another financial analysis session scheduled for October.
11. Adopted the report of the National Treatment and Coordination (E) Working Group, which met Feb. 27. During this meeting, the Working Group took the following action:
  - A. Exposed proposal 2024-01 (Domestic Corporate Amendments) for a 30-day public comment period ending March 22.
  - B. Discussed the electronic redomestication application.
  - C. Received an update on the Legacy Application Ad Hoc Group, which met Feb. 26, Feb. 12, and Jan. 29. During these meetings, the Ad Hoc Group took the following action:
    - i. Discussed the processes for the application included in Phase II of the Uniform Certificate of Authority Application (UCAA) project. This includes domestic and foreign corporate amendments and expansion applications.
  - D. Received an update on the Biographical Affidavit Ad Hoc Group, which met Feb. 20 and Feb. 6. During these meetings, the Ad Hoc Group took the following action:
    - i. Discussed the biographical affidavit, addendum pages, and cover letter to clarify how they should be completed.
  - E. Discussed how the Form A Ad Hoc Group will resume meeting this summer to continue developing the Form A application and instructions for Phase III of the UCAA rewrite project.



12. Reported that the Financial Analysis (E) Working Group met March 15, Feb. 21, and Jan. 24 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss letter responses and financial results.
13. Reported that the Valuation Analysis (E) Working Group met March 15 and Dec. 18, 2023, in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss valuation items related to specific companies.
14. Received a status report from the Risk-Based Capital Investment Risk and Evaluation (E) Working Group.
15. Received a status report from the Valuation of Securities (E) Task Force.
16. Received a status report from the Statutory Accounting Principles (E) Working Group on the principles-based bond project.
17. Received an update on a request to the Executive (EX) Committee regarding the development of some quantitative and qualitative standards for credit rating providers (CRPs) and beginning the process of developing a request for proposal (RFP) for the NAIC to hire a consultant to design and help the NAIC implement such due diligence framework for CRPs. The Executive (EX) Committee approved the request.
18. Heard preliminary oral comments on a re-exposure of the Framework for Regulation of Insurer Investments (Framework), a work plan on the Framework, and a memorandum and appendix that summarized regulators' reaction to previously submitted comments on the Framework.

### **Accounting Practices and Procedures (E) Task Force**

#### March 17, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Adopted the report of the Statutory Accounting Principles (E) Working Group, which met March 16. During this meeting, the Working Group took the following action:
  - A. Adopted its 2023 Fall National Meeting minutes.
  - B. Adopted its Feb. 20, Jan. 29, and Jan. 10 minutes. During these meetings, the Working Group took the following action:
    - i. Exposed revisions to *Statement of Statutory Accounting Principles (SSAP) No. 21R—Other Admitted Assets* to incorporate a new measurement method for residual interests. The revisions incorporate the industry's proposal of an "effective yield with a cap" method, as well as a practical expedient to allow the "cost recovery" method. (Ref #2019-21)
    - ii. Exposed revisions to provide detailed definitions for the annual statement reporting categories of *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* and residual interests on Schedule BA. (Ref #2023-16)
    - iii. Adopted revisions to SSAP No. 21R to incorporate a collateral loan disclosure for year-end 2024 to detail admitted and non-admitted collateral loans in accordance with the underlying collateral supporting the loan. The Working Group also exposed additional changes that propose collateral loan reporting lines for Schedule BA and requested comments on whether certain collateral loans backed by certain types of collateral should flow through AVR for RBC impact. (Ref #2023-28)
    - iv. Directed NAIC staff to draft an agenda item in response to a referral from the Life Risk-Based Capital (E) Working Group regarding proposed risk-based capital (RBC) changes for repurchase agreements originating from the American Council of Life Insurers (ACLI).
    - v. Voted to expose the new market tax credit project for additional revisions made to the drafts of *SSAP No. 93—Low-Income Housing Tax Credit Property Investments* and *SSAP No. 94R—Transferable and Non-Transferable State Tax Credits*. These revisions recommend clarifying changes to SSAP No. 93 and SSAP No. 94R, as well as more detailed revisions to the prospective utilization assessment detailed in SSAP No. 93. (Ref #2022-14)
    - vi. Adopted revisions to reject *Accounting Standards Update (ASU) 2016-13, Measurement of Credit Losses on Financial Instruments (CECL)* and related subsequent ASUs in various SSAPs and *Interpretation (INT) 06-07: Definition of Phrase "Other Than Temporary."* (Ref #2023-24)

- vii. Adopted *INT 23-04: Scottish Re Life Reinsurance Liquidation Questions*, which provides accounting and reporting guidance for ceding entities with reinsurance balances to or from Scottish Re, a U.S.-based life reinsurer in liquidation.
- viii. Exposed revisions to expand the transparency of reporting for collateral loans on Schedule BA to allow the quick identification of the type of collateral that supports the admittance of collateral loans. (Ref #2024-01)
- C. Adopted new concepts as part of the new market tax credits project, effective Jan. 1, 2025. The revisions provide new concept revisions for SSAP No. 93 and SSAP No. 94R. The revisions expand the scope of both SSAPs. The Working Group also adopted consistency revisions to *SSAP No. 34—Investment Income Due and Accrued* and SSAP No. 48. The Working Group directed NAIC staff to sponsor a blanks proposal on the annual statement reporting categories for tax credit investment RBC, issue a referral to the Life Risk-Based Capital (E) Working Group to inform it of the planned reporting line changes, and draft an issue paper to document the discussions and revisions for the new market tax credit project. (Ref #2022-14)
- D. Adopted the following clarifications to statutory accounting guidance:
  - i. Revisions to SSAP No. 21R to incorporate a new measurement method for residual interests, which incorporate the industry’s proposal of an “effective yield with a cap” method, as well as a practical expedient to allow the “cost recovery” method. (Ref #2019-21)
  - ii. Revisions that update the language in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*, paragraph 24, on audits and admissibility to better align with guidance in paragraphs 26 and 27 on the look-through methodology. (Ref #2023-30)
  - iii. Revisions that will be forwarded as a proposal to the Blanks (E) Working Group to clarify that realized gains and losses on perpetual preferred stock and mandatory convertible preferred stock shall not be added to the interest maintenance reserve (IMR), regardless of NAIC designation, and shall follow the same concepts that exist for common stock in reporting through the asset valuation reserve (AVR). (Ref #2023-29)
  - iv. Appendix D—*Nonapplicable GAAP Pronouncements*: The following U.S. generally accepted accounting principles (GAAP) standards were rejected, as they are not applicable:
    - a. *ASU 2023-03, Amendments to U.S. Securities and Exchange Commission (SEC) Paragraphs* (Ref #2023-25)
    - b. *ASU 2023-04, Amendments to SEC Paragraphs—Cryptocurrency* (Ref #2023-27)
- E. Exposed the following statutory accounting principle (SAP) concepts and clarifications to statutory accounting guidance for a 76-day public comment period ending May 31, except for agenda item 2024-13, which has a 34-day public comment period ending April 19:
  - i. Revisions to eliminate lingering references that imply that asset-backed securities (ABS), mortgage loans, or other Schedule BA: Other Long-Term Invested Assets items are permitted to be reported in the scope of *SSAP No. 2R—Cash, Cash Equivalents, Drafts and Short-Term Investments*. (Ref #2024-09)
  - ii. Revisions to adopt, with modification, disclosures from *ASU 2023-06, Disclosure Improvements*. The additional disclosures are for unused commitments and lines of credit, disaggregated by short-term and long-term; disclosures of accrued interest from repos and securities borrowing; separate disclosure of significant (10% of admitted assets) reverse repos; and counterparty disclosures for repos and reverse repos that are significant (10% of adjusted capital and surplus). (Ref #2023-26)
  - iii. Revisions to adopt, with modification, the leasehold improvement guidance from *ASU 2023-01, Leases (Topic 842), Common Control Arrangements*, modified to align with existing guidance, and reject the practical expedient for private companies and not-for-profit entities. (Ref #2024-02)
  - iv. Revisions that clarify that directly-held crypto assets are non-admitted assets for statutory accounting and to adopt the definition of crypto assets from *ASU 2023-08, Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60), Accounting for and Disclosure of Crypto Assets*. (Ref #2024-03)
  - v. Revisions to *SSAP No. 63—Underwriting Pools* and *SSAP No. 25—Affiliates and Other Related Parties* to address transfers of assets when modifying intercompany pooling agreements. In addition, the

Working Group exposed the intent to nullify *INT 03-02: Modification to an Existing Intercompany Pooling Arrangement*. (Ref #2022-12)

- vi. Revisions to expand the transparency of reporting for collateral loans on Schedule BA to allow for quick identification of the type of collateral that supports admittance of collateral loans and define debt issued by funds operations. It was noted during the discussion that no collateral loans should be included in the private equity line because there is already a separate collateral loan reporting line. (Ref #2024-01)
  - vii. Revisions to incorporate consistency revisions for residuals so that all SSAPs refer to SSAP No. 21R for the accounting and reporting guidance. (Ref #2024-08)
  - viii. Revisions to incorporate *FASB Statement No. 105—Disclosure of Information about Financial Instruments with Off-Balance-Sheet* (FAS 105) guidance directly into *SSAP No. 27—Off-Balance-Sheet and Credit Risk Disclosures* and update the related annual statement instructions to more accurately reflect the existing required disclosures. (Ref #2024-12)
  - ix. Agenda item 2024-10 and directed NAIC staff to work with the industry in determining separate accounts guidance for the reporting of book value assets and to propose revisions to incorporate a consistent statutory accounting approach. (Ref #2024-10)
  - x. Revisions to incorporate guidance to *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance* that is consistent with the guidance currently in *SSAP No. 62R—Property and Casualty Reinsurance*, Exhibit A Implementation Questions and Answers, question 10. This guidance requires risk transfer to be evaluated in aggregate for contracts with interrelated contract features, such as experience rating refunds. The Working Group also added reference to A-791, paragraph 6 guidance in the yearly renewable term guidance paragraph regarding the entirety of the contract. (Ref #2024-06)
  - xi. Revisions to adopt, with modification, *ASU 2023-09, Improvements to Income Tax Disclosures* that would add certain disclosures from ASU 2023-09 and remove one existing disclosure to conform with the ASU. (Ref #2024-11)
  - xii. Agenda item 2024-04 and directed NAIC staff to work with the industry on the reporting of securities lending collateral and repurchase agreement collateral for possible consistency revisions. (Ref #2024-04)
  - xiii. Revisions to remove health disclosures and the related illustration for the expired transitional reinsurance and risk corridors programs. (Ref #2024-13)
  - xiv. Editorial revisions that remove the “Revised” and “R,” which were previously intended to identify a substantively revised SSAP, from SSAP titles and SSAP references within the *Accounting Practices and Procedures Manual* (AP&P Manual). (Ref #2024-14EP)
  - xv. Revisions to remove the first sentence of *Appendix A-791 Life and Health Reinsurance Agreements* (A-791), paragraph 2c Question and Answer. In addition, the Working Group directed notification of the exposure to the Valuation Analysis (E) Working Group, the Life Actuarial (A) Task Force, and the Reinsurance (E) Task Force. (Ref #2024-05)
  - xvi. A project that proposed to add a new part to the reinsurance Schedule S in the Life/Fraternal and Health annual statement blanks and Schedule F in the Property/Casualty (P/C) and Title annual statement blanks, which is similar in structure to Schedule DL and would include all assets held under a funds withheld arrangement and would include a separate signifier for modified coinsurance assets. (Ref #2024-07)
- F. Directed NAIC staff to develop updates to SSAP No. 58 and *Appendix A-630 Mortgage Guaranty Insurance* to incorporate the 2023 revisions to the *Mortgage Guaranty Insurance Model Act* (#630). (Ref #2023-31)
- G. Received updates on the following:
- i. U.S. GAAP exposures, noting that pending items will be addressed during the normal maintenance process.
  - ii. IMR Ad Hoc Group activities.

- iii. International Association of Insurance Supervisors (IAIS) Audit and Accounting Working Group activities.
- 3. Adopted the report of the Blanks (E) Working Group, which met Feb. 21. During the meeting, the Working Group took the following action:
  - A. Adopted its Nov. 7, 2023, minutes.
  - B. Re-exposed the following proposal for a 60-day public comment period ending April 23:
    - i. 2023-12BWG Modified—Categorize debt securities on Schedule BA that do not qualify as bonds under SSAP No. 26R—*Bonds* or SSAP No. 43R—*Loan-Backed and Structured Securities* and are captured in the scope of SSAP No. 21R.
  - C. Adopted its editorial listing and the following proposals:
    - i. 2023-05BWG Modified—Changes to the cybersecurity supplement to remove the reference to identity theft insurance from the General Instructions; remove the interrogatory questions from Part 1 that pertain to identity theft insurance; and remove the column for identity theft insurance from Part 2 and Part 3. Remove claims-made and occurrence breakdown from data collection and remove the question in the interrogatories regarding tail policies.
    - ii. 2023-13BWG Modified—Add new instruction and illustration under Note 5—Investments for Net Negative (Disallowed) IMR and a new general interrogatory for a company attestation.
    - iii. 2023-14BWG Modified—Revise the health test language and general interrogatories.
    - iv. 2023-15BWG Modified—Add a new general interrogatory to the Life General Interrogatories Part 2 to provide needed information for completing the C-2 mortality risk in the life RBC.
    - v. 2023-16BWG Modified—Change Schedule P in the P/C blank to show 10 years of data and a “prior” row for all lines of business beginning in 2024. This modifies requirements for seven lines of business that currently only show two years of data and a “prior” row.
  - D. Exposed six new items for a 60-day public comment period ending April 23.

### **Capital Adequacy (E) Task Force**

March 17, 2024

- 1. Adopted its 2023 Fall National Meeting minutes.
- 2. Adopted its Jan. 31 minutes. During this meeting, the Task Force took the following action:
  - A. Adopted proposal 2023-16-CR (2023 Cat Event List).
  - B. Exposed proposal 2024-02-CA (Residual Structure PC & Health) for a 30-day public comment period that ended March 2.
  - C. Exposed proposal 2024-06-CA (Repurchase Agreements PC & Health) for a 30-day public comment period that ended March 2.
- 3. Adopted the report of the Health Risk-Based Capital (E) Working Group, which met Feb. 22. During this meeting, the Working Group took the following action:
  - A. Adopted its Nov. 8, 2023, minutes, which included the following action:
    - i. Adopted its July 25, 2023, minutes.
    - ii. Adopted proposal 2023-11-H (XR014 Fee-For-Service and Other Risk Revenue-Medicare and Medicaid).
    - iii. Exposed the American Academy of Actuaries’ (Academy’s) health care receivables presentation for a 61-day public comment period that ended Jan. 8.
    - iv. Received an update from the Academy on the health care receivables and H2-underwriting risk review projects.
    - v. Discussed pandemic risk and heard a presentation from the Texas Department of Insurance (TDI).
    - vi. Received an overview of the Risk Evaluation Ad Hoc group.
    - vii. Discussed questions on the 2022 health risk-based capital (RBC) statistics.
  - B. Exposed proposal 2024-09-CA (Underwriting Risk Investment Income Adjustment Factors) for a 32-day public comment period ending March 25.
  - C. Discussed comments received on the Academy’s health care receivables presentation.

- D. Discussed pandemic risk and agreed to send a referral to the Financial Analysis Solvency Tools (E) Working Group and the Financial Examiners Handbook (E) Technical Group.
- E. Adopted its 2024 working agenda.
- F. Heard an update on the Academy H2 – Underwriting Risk Review project.
- 4. Adopted the report of the Life Risk-Based Capital (E) Working Group, which met March 17. During this meeting, the Working Group took the following action:
  - A. Adopted its 2023 Fall National Meeting minutes.
  - B. Adopted its Jan. 25 minutes. During this meeting, the Working Group took the following action:
    - i. Exposed the American Council of Life Insurers' (ACLI's) repurchase agreement proposal for a 30-day public comment period.
    - ii. Exposed a proposal to add a line for total adjusted capital (TAC) adjustment for nonadmitted affiliates for a 30-day public comment period.
    - iii. Exposed a proposal to add a line to LR009 to address line 44 of the asset valuation reserve (AVR) equity component for a 30-day public comment period.
  - C. Received an update from the Generator of Economic Scenarios (GOES) (E/A) Subgroup.
  - D. Received an update from the Longevity Risk (E/A) Subgroup, which has not met since the 2023 Fall National Meeting.
  - E. Received an update from the Variable Annuities Capital and Reserve (E/A) Subgroup.
  - F. Heard a presentation from the Academy on C-3 risks.
  - G. Re-exposed the ACLI's repurchase agreement proposal for a 30-day public comment period ending April 15.
  - H. Heard a presentation from the Academy on covariance.
- 5. Adopted the report of the Property and Casualty Risk-Based Capital (E) Working Group, which met March 17 in joint session with the Catastrophe Risk (E) Subgroup. During this meeting, the Working Group and Subgroup took the following action:
  - A. Adopted their 2023 Fall National Meeting minutes.
  - B. Adopted their Jan. 30 minutes. During this meeting, the Working Group and Subgroup took the following action:
    - i. Adopted proposal 2023-16-CR (2023 U.S and Non-U.S. Catastrophe Event Lists), which was previously exposed for a 30-day public comment period that ended Jan. 23.
  - C. Adopted the Catastrophe Risk (E) Subgroup's Jan. 29 minutes. During this meeting, the Subgroup took the following action:
    - i. Exposed proposal 2023-17-CR (Climate Scenario Analysis) for a 30-day public comment period that ended Feb. 28.
    - ii. Discussed severe convective storm peril impact analysis.
    - iii. Discussed wildfire peril impact analysis.
    - iv. Received an update on the Geographic Concentration Ad Hoc Subgroup.
  - D. Adopted proposal 2023-13-CR (Cat Risk Insurance Program Interrogatory).
  - E. Adopted proposal 2024-01-P (Schedule P Short Tails).
  - F. Adopted proposal 2023-14-P (Pet Insurance).
  - G. Adopted proposal 2023-15-CR (Convective Storm for Information Purposes Only Structure).
  - H. Adopted the Working Group and Subgroup's working agenda.
  - I. Exposed proposal 2024-10-P (Other Health Line) for a 30-day public comment period ending April 17.
  - J. Re-exposed proposal 2023-17-CR (Climate Scenario Analysis) for a 22-day public comment period ending April 8.
  - K. Discussed wildfire and convective storm impact analysis.
  - L. Exposed underwriting risk factors and investment income adjustment factors for a 30-day public comment period ending April 16.
- 6. Adopted the report of the Risk-Based Capital Investment Risk and Evaluation (E) Working Group, which met March 17. During this meeting, the Working Group took the following action:

- A. Adopted its 2023 Fall National Meeting minutes.
  - B. Received updates from the Valuation of Securities (E) Task Force and the Statutory Accounting Principles (E) Working Group.
  - C. Heard an update from the Academy on asset-backed securities (ABS) RBC.
  - D. Discussed residual tranches.
  - E. Discussed its next steps.
7. Received updates from the Risk-Based Capital Purposes and Guidelines Ad Hoc Subgroup, Asset Concentration Ad Hoc Subgroup, and Geographic Concentration Ad Hoc Subgroup. The Task Force agreed to take the following action:
    - A. Sent referrals to the Risk-Based Capital Investment Risk and Evaluation (E) Working Group and the Catastrophe Risk (E) Subgroup to further review the asset concentration and geographic concentration issues, respectively, based on the Ad Hoc Subgroups' findings.
    - B. Appointed the Risk-Based Capital Purposes & Guidelines Subgroup to address the issues of: 1) the RBC Permeable and 2) the possibility of removing authorized control level (ACL) and TAC data in the Annual Statement Five-Year Historical Data page.
  8. Adopted proposal 2023-13-CR (Cat Risk Insurance Program Interrogatory).
  9. Adopted proposal 2023-14-P (Pet Insurance).
  10. Adopted proposal 2023-15-CR (Convective Storm for Information Purposes Only Structure).
  11. Adopted proposal 2021-01-P (Schedule P Short Tails).
  12. Adopted its working agenda.
  13. Exposed proposal 2024-08-CA (Col 12 Affiliated Investments) for a 30-day public comment period ending April 16.
  14. Received an update from the Health Risk-Based Capital (E) Working Group on the H2 component project. These changes are anticipated to affect the structure and factors for health, life, and property/casualty (P/C) RBC formulas.
  15. Exposed the collateral loan memorandum from the Statutory Accounting Principles (E) Working Group for a 45-day public comment period ending May 1.
  16. Exposed proposal 2024-02-CA (Residual Structure PC & Health) for a 30-day public comment period ending April 16.
  17. Exposed the repurchase agreements referral from the Life Risk-Based Capital (E) Working Group for a 30-day public comment period ending April 16.

### **Examination Oversight (E) Task Force**

The Examination Oversight (E) Task Force did not meet at the Spring National Meeting.

### **Financial Stability (E) Task Force**

March 16, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Received an update from the Macroprudential (E) Working Group. The Working Group met Feb. 29 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to have NAIC staff walk through the International Association of Insurance Supervisors' (IAIS') Global Insurance Market Report (GIMAR), which was released in December 2023. The Working Group also met Jan. 31 in joint session with the Reinsurance (E) Task Force in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss regulators' experience and implementation of the reinsurance worksheet.
3. Received an update from the Valuation Analysis (E) Working Group, which included a review of the upcoming activities for *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53).
4. Heard an international update, which included activities of the IAIS.

## **Receivership and Insolvency (E) Task Force**

March 17, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Adopted its Feb. 29 minutes. During this e-vote, the Task Force took the following action:
  - A. Adopted a recommendation to the Financial Regulation Standards and Accreditation (F) Committee regarding Part A Accreditation Standards for the 2023 amendments to the *Property and Casualty Insurance Guaranty Association Model Act* (#540).
3. Adopted the report of the Receivership Financial Analysis (E) Working Group, which met March 17 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss companies in receivership and related topics.
4. Heard an update on international resolution activities from the International Association of Insurance Supervisors (IAIS). The association has finalized and published its application paper on policyholder protection schemes, and the IAIS Resolution Working Group has nearly finished drafting revisions to the Insurance Core Principles (ICPs) related to recovery and resolution, which are expected to be released for public consultation soon.
5. Discussed model amendments, guidelines, and provisions of receivership laws critical to a multi-jurisdiction receivership that were outlined in a November 2021 memorandum to state insurance departments from the Task Force, which is available on the Task Force's web page. State insurance departments are encouraged to review the memorandum and consider enhancements to their state laws.
6. Discussed the Global Receivership Information Database (GRID). State insurance departments are encouraged to review the information in GRID on open receiverships and make any needed updates.
7. Discussed states' adoption of Federal Home Loan Bank (FHLB) legislation regarding exemptions to stays in receivership. The Task Force recommends the Receivership Law (E) Working Group gather information about how such legislation has been incorporated into approximately half of states' laws and consider what additional information may be useful to state insurance departments on this topic.
8. Heard a presentation from the National Conference of Insurance Guaranty Funds (NCIGF) on its activities related to pre-liquidation enhancements.

## **Reinsurance (E) Task Force**

Feb. 26, 2024 (in lieu of the Spring National Meeting)

1. Adopted its 2023 Fall National Meeting minutes.
2. Adopted the report of the Reinsurance Financial Analysis (E) Working Group, which met Feb. 5, 2024; Dec. 20, 2023; and Nov. 22, 2023, in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings. During these meetings, the Working Group completed the reviews of certified reinsurers and reciprocal jurisdiction reinsurers.
3. Received a status report on the reinsurance activities of the Mutual Recognition of Jurisdictions (E) Working Group, which last met Nov. 1, 2023, in regulator-to-regulator session, pursuant to paragraph 8 (international regulatory matters) of the NAIC Policy Statement on Open Meetings. During this meeting, the Working Group reapproved the status of Bermuda, France, Germany, Ireland, Japan, Switzerland, and the United Kingdom (UK) as qualified jurisdictions and Bermuda, Japan, and Switzerland as reciprocal jurisdictions.
4. Discussed the proposal to require asset adequacy analysis to be performed using a cash-flow methodology for life and annuity reinsurance transactions.
5. Discussed ongoing projects at the NAIC that affect reinsurance.

## **Risk Retention Group (E) Task Force**

The Risk Retention Group (E) Task Force did not meet at the Spring National Meeting.

## **Valuation of Securities (E) Task Force**

March 16, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Discussed comments received on a revised proposed amendment to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to update the definition of an NAIC designation. The Task Force had previously exposed the amendment for a 53-day public comment period that ended Jan. 26. The Task Force directed the Securities Valuation Office (SVO) to continue to work with interested parties and the Task Force on a revised draft of the amendment.
3. Discussed comments received on a revised proposed amendment to the P&P Manual authorizing the procedures for the SVO's discretion over NAIC designations assigned through the filing exemption (FE) process. The Task Force had previously exposed the amendment for a 53-day public comment period that ended Jan. 26. The Task Force directed the SVO to continue to work with interested parties and the Task Force on a revised draft of the amendment.
4. Discussed comments received on a proposed amendment to the P&P Manual to add a practical expedient to determine the issue date for private letter rating filings. The Task Force had previously exposed the amendment for a 53-day public comment period that ended Jan. 26. The Task Force directed the SVO to work with interested parties to develop an operational process to add the required information and report back to the Task Force on proposed next steps.
5. Exposed a proposed P&P Manual amendment to update the U.S. government agency and other U.S. government obligation abbreviations for a 30-day public comment period ending April 17.
6. Exposed a proposed P&P Manual technical amendment to update references to the Statement of Statutory Accounting Principles (SSAPs) in the P&P Manual guidance for subsidiary, controlled, and affiliated (SCA) and related party bond or preferred stock investments for a 30-day public comment period ending April 17.
7. Received an annual report from the SVO on year-end carry-over filings and an update on technology projects.
8. Received a report on the proposed collateralized loan obligation (CLO) modeling methodology and the CLO Ad Hoc Working Group.
9. Received a report on the projects of the Statutory Accounting Principles (E) Working Group.

## **FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE**

March 16, 2024

1. Adopted its 2023 Summer National Meeting minutes.
2. Reported that it met March 15 in regulator-to-regulator session, pursuant to paragraph 7 (consideration of individual state insurance department's compliance with NAIC financial regulation standards) of the NAIC Policy Statement on Open Meetings. During this meeting, the Committee took the following action:
  - A. Discussed state-specific accreditation issues.
  - B. Voted to award continued accreditation to the insurance departments of Arizona and California.
3. Adopted revisions made during 2023 to NAIC publications required for accreditation purposes but deemed insignificant (e.g., the *Accounting Practices and Procedures Manual* [AP&P Manual]). The Committee exposed an update to the examination guidelines recommended by the Financial Examiners Handbook (E) Technical Group for a 30-day public comment period ending April 17.
4. Exposed a referral from the Receivership and Insolvency (E) Task Force recommending that the 2023 revisions to the *Property and Casualty Insurance Guaranty Association Model Act* (#540) be acceptable for accreditation but not required for a 30-day public comment period ending April 17. The revisions update provisions to: 1) preserve guaranty fund coverage for policyholders subject to insurance business transfers and corporate divisions where the policyholder had guaranty coverage before the transaction; and 2) clarify guaranty fund coverage of cybersecurity insurance.



## **INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE**

March 16, 2024

1. Adopted its 2023 Fall National Meeting Minutes.
2. Adopted its Feb. 15 minutes, which included the following action:
  - A. Approved NAIC comments on the International Association of Insurance Supervisors' (IAIS') public consultations on climate risk supervisory guidance for both market conduct issues and risk scenario analysis.
3. Heard an update on international activities related to insurer investing, including presentations from the International Monetary Fund (IMF) and the Bermuda Monetary Authority (BMA).
4. Heard an update on the IAIS' recent activities, focusing on its virtual committee meetings.
5. Heard an update on international activities, including: 1) recent meetings, events, and speaking engagements with international insurance regulators; 2) ongoing developments of the European Union (EU)-U.S. Insurance Dialogue Project; 3) the upcoming NAIC Spring Virtual International Fellows Program; and 4) ongoing developments at the Organisation for Economic Co-operation and Development (OECD) and the Sustainable Insurance Forum (SIF).
6. Received an overview of the International Insurance Forum, which is scheduled for May 16–17 in Washington, DC.

## **INNOVATION, CYBERSECURITY, AND TECHNOLOGY (H) COMMITTEE**

March 18, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Adopted the report of the Big Data and Artificial Intelligence (H) Working Group, which met March 16. During this meeting, the Working Group took the following action:
  - A. Adopted its 2023 Fall National Meeting minutes.
  - B. Discussed its project plans for 2024. The draft work plan includes: 1) collaborating with the Center for Insurance Policy and Research (CIPR) and NAIC staff to continue the analysis of existing artificial intelligence (AI)/machine learning (ML) survey responses; 2) supporting the development of the health insurance AI/ML survey; 3) considering a plan for continued survey work; 4) continuing to receive federal and international updates on AI; 5) developing a synthetic dataset; 6) developing a reference glossary/lexicon; and 6) developing educational content for state insurance regulators on topics related to the use of AI in insurance. During the discussion of its project plans, the Working Group received an update on the adoption of the NAIC model bulletin from the state jurisdictions; currently, six states have adopted the bulletin.
  - C. Heard a presentation on a survey of research activities related to big data, AI, fairness, bias, and governance that the American Academy of Actuaries (Academy) and the Society of Actuaries (SOA) conducted. The presentation included: 1) a list of papers and a webinar from the Academy on the issues of bias, possible sources of bias, and how to test for it; 2) the SOA's efforts to develop methods for imputing race and ethnicity, and the SOA's related publications; 3) initiatives from the National Institute of Standards and Technology (NIST) and the International Actuarial Association (IAA) to set standards and provide education on AI governance; and 4) the presenter's Ph.D. work on social justice issues in auto insurance rating.
  - D. Heard an update on international developments in AI/ML. The update noted several active discussions with the International Association of Insurance Supervisors (IAIS), the Organisation for Economic Co-operation and Development (OECD), and the European Union (EU)-U.S. Insurance Dialogue Project.
  - E. Discussed other matters brought before the Working Group.
3. Adopted the report of the Third-Party Data and Models (H) Task Force. Refer to the Task Force listing for details.
4. Adopted the report of the Cybersecurity (H) Working Group, which met March 17. During this meeting, the Working Group took the following action:
  - A. Adopted its 2023 Fall National Meeting minutes.

- B. Adopted the Cybersecurity Event Response Plan (CERP), which guides state insurance regulators on how to respond following a cybersecurity event. This guidance follows the definitions and provisions of the *Insurance Data Security Model Law* (#668).
  - C. Heard a presentation from the Academy on its cyber-risk activities. The Academy's Casualty Practice Council has a committee on cyber risk that monitors the actuarial aspects of cyber risks. The Academy has also created the Cyber Risk Toolkit, which includes papers addressing issues related to cyber risk insurance and cyber exposure. This toolkit is intended to be a resource available for stakeholders to provide an overview of the challenges in the cyber insurance market and will be updated periodically to reflect new and emerging issues.
  - D. Heard a presentation from CyberAcuView about its organization. Core activities include data aggregation, reporting, and standards; systemic risk evaluation; regulatory collaboration; law enforcement coordination; and other priorities to improve market efficiencies.
  - E. Discussed its work plan for discussions on cybersecurity and cyber insurance in 2024, which includes: 1) providing educational opportunities for state insurance regulators; 2) hosting discussions and presentations about the cyber insurance marketplace; 3) receiving an update from the Information Technology (IT) Examination (E) Working Group on its work to update examination standards related to the Cybersecurity (H) Working Group's referral; and 4) continuing to track the implementation of Model #668.
5. Adopted the report of the E-Commerce (H) Working Group, which met March 5 in regulator-to-regulator session, pursuant to paragraph 6 (consultations with NAIC staff related to NAIC technical guidance) of the NAIC Policy Statement on Open Meetings, to discuss its work plan for the year. The Working Group exposed the *E-Commerce Modernization Guide* for a 30-day public comment period that ended March 14. It plans to meet April 4 to consider adoption of the guide.
  6. Adopted the report of the Privacy Protection (H) Working Group, which met March 8 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings. During this meeting, the Working Group took the following action:
    - A. Received a presentation from the NAIC on the history of the NAIC privacy models, a review of the Working Group's work over the past several years, and an update on the state privacy law landscape.
  7. Adopted the report of the Technology, Innovation, and InsurTech (H) Working Group. The Working Group plans to meet in person at the 2024 Summer National Meeting and the 2024 Fall National Meeting to continue work on its goals.
  8. Heard a presentation from Uber and the Casualty Actuarial Society (CAS) on working with AI and ML.
  9. Received an update from NAIC staff on federal activities related to AI.
  10. Heard a presentation from DLA Piper on international activities related to AI.

### **Third-Party Data and Models (H) Task Force**

March 16, 2024

1. Received a report on the formation of the Task Force and its charges. The Task Force plans to meet soon in regulator-to-regulator session to agree on a 2024 work plan for public exposure.
2. Heard a presentation on the hurricane and flood model review frameworks used by the Florida Commission on Hurricane Loss Projection Methodology (FCHLPM).

### **NAIC/CONSUMER LIAISON COMMITTEE**

March 15, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Received a report on the NAIC/Consumer Participation Board of Trustees meeting, which included a discussion on its budget for 2024, suggested changes to and automation of the consumer representatives' application for 2024, and suggested changes to the Plan of Operation for the Consumer Participation Program.
3. Heard a presentation from Consumer Federation of America (CFA) entitled "Exposed: A Report on Uninsured American Homes." This topic is important because the report answered the question of how many homes in

America were uninsured according to a 2021 survey by the American Housing Survey and the American Community Survey. The report noted differences in the percentage of uninsured persons in categories such as geography, age, ethnicity, home price, type of home, and whether the homes had mortgages.

4. Heard a presentation from the Automotive Education and Policy Institute (AEPI) on how insurance companies exploit Consumer Protection Acts to harm consumers. This topic is important because it described how some insurers are using technical errors that may be found when reviewing the specific steps outlined in Consumer Protection Acts to delay or deny valid automotive claims submitted through third-party vendors or service providers.
5. Heard a presentation from United Policyholders (UP) on providing consumers with updated tips on buying property insurance. This topic is important because consumers do not know how to select the best option for property insurance due to a lack of understanding about how property insurance pricing works. The tips included shopping early instead of waiting until the renewal period ends; getting help from a licensed insurance agent or broker; understanding the multiple deductible options, as a flat deductible across the board no longer exists; and considering other types of coverage, even surplus.
6. Heard a presentation from the National Health Law Program (NHLP), HIV+Hepatitis Policy Institute (HHPI), Whitman-Walker Institute (WWI), and National Women's Law Center (NWLC) on what the new Section 1557 of the federal Affordable Care Act (ACA) means for health insurance non-discrimination protections and considerations for regulators. This topic is important because it clarifies that the new Section 1557 law is self-implementing, changes prescription drug rules, and would apply to pharmacy benefit managers (PBMs).
7. Heard a presentation from Consumers' Checkbook (CC)/Center for the Study of Services (CSS), United States of Care (USofC), a health consumer advocate, and the Leukemia and Lymphoma Society (LLS) on the federal Centers for Medicare and Medicaid Services' (CMS') Inoperability and Prior Authorization Rule and federal updates. This topic is important because there are fundamental problems with the rule: 1) it excludes prescription drug prior authorization, even those covered under medical benefits; 2) the review process allows for proprietary criteria with no transparency, no decision timeline mandates for federally-facilitated exchange (FFE) qualified health plans (QHPs), and no mention of "gold carding;" 3) the criteria is inconsistent across plans, which is confusing to providers and patients; 4) state-based QHPs, insured commercial plans, and federal Employee Retirement Income Security Act of 1974 (ERISA) plans are excluded; 5) the annual reporting of prior authorization statistics is too aggregated; and 6) compliance is not well defined as to state versus federal enforcement.

## **NAIC/AMERICAN INDIAN AND ALASKA NATIVE LIAISON COMMITTEE**

March 17, 2024

1. Adopted its 2023 Fall National Meeting minutes.
2. Heard a presentation from First American Title Insurance Company on requests by the title insurance industry for sovereign immunity waivers. This topic is important because this type of title activity is necessary for the insurance process to function efficiently.
3. Discussed the results of the committee member survey on topics and 2024 deliverables. This topic is important for members to determine the steps the committee will take to accomplish its goals for 2024.







**NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS**

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

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