

## Regulating for Solvency • November 9-12, 2009

NAIC Central Office, Kansas City, Missouri

*Regulating for Solvency* is the most comprehensive course in the NAIC curriculum on the topic of solvency regulation. If you are a financial analyst or examiner with two to three years of experience and can only attend one course this year, *Regulating for Solvency* is your top pick.

### Financial analysis training...and more

Financial analysis consistently ranks among the most requested training topics each year. In this class, not only will you learn key concepts in the area of financial analysis, but in the areas of reporting and examinations as well. In addition, you'll acquire an understanding of such special functions as reinsurance, P&C actuarial, receivership and guaranty funds, and accreditation.

### The learning experience

Your learning experience begins with an overview of the scope of authority solvency regulators have with regard to investment limitations, minimum capital requirements, and responses to instances of non-compliance.

From there, you'll experience an in-depth exploration of the three critical solvency monitoring components: reporting, analysis, and examination. The bulk of your study time will be spent in these areas, during which time you'll have ample interactive opportunities to learn about financial analysis tools and strategies, as well as key phases in the risk assessment approach to examinations.

A team of instructors will then provide an exciting overview of the special functions of solvency regulation as well as an introduction to the NAIC's Accreditation Program.

### Attention State Insurance Department Staff:

*Your state may have unused grant funds set to expire on December 31. If your state has a remaining balance, use these funds to enroll today!*

### FREE Bonus I-SITE Session Available

An optional I-SITE bonus session is being offered to *Regulating for Solvency* participants interested in learning how to more effectively use this convenient and time-saving tool. Through demonstrations and hands-on practice activities, participants in this special session will be able to recognize key features and benefits of I-SITE and fully utilize its functions. This optional session, which is offered at no additional charge, will be held immediately following the *Regulating for Solvency* course on November 12.



National Association of Insurance Commissioners

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## Lodging

The NAIC Central Office is located in downtown Kansas City in the Crown Center complex, adjacent to the Hyatt Regency Crown Center hotel. Make your hotel reservations by calling the hotel directly at (816) 421-1234. Please reference the NAIC *Regulating for Solvency* course to receive the special rate.

## Continuing Education

Continuing education materials are sent upon request and based on successful completion of the course (refer to course syllabus for completion requirements). Up to 31 CPE credits will be awarded for this course.

*Delivery Method:* Group-Live

*Program Level:* Intermediate

*Advanced Preparation:* None

*Prerequisites:* Financial Analyst or Examiner with two to three years of experience

## Cancellations

Withdrawals for full refund are permitted up to three weeks before the beginning date of the course; cancellations after this date will result in no refund. Notification of cancellation must be received in writing. If issued, refunds will be mailed after the completion of the course. Substitutions are accepted up to one week before the course begins.

For more information regarding refund, complaint and/or program cancellation policies, please contact our offices at 816-783-8200.



The NAIC is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN, 37219-2417. Web site: [www.nasbatools.com](http://www.nasbatools.com).

**REGISTER** online at [www.naic.org/education\\_home.htm](http://www.naic.org/education_home.htm) or complete and return the registration form below by **October 19**. Space is limited so you are encouraged to register early. You will be contacted via e-mail with confirmation of your registration.

# Regulating for Solvency

November 9-12, 2009

FAX TO:  
(816) 460-7544

MAIL TO:  
NAIC Education & Training  
Post Office Box 870335  
Kansas City, MO 64187-0335

FED-EX/AIR MAIL ADDRESS:  
UMB Bank  
Attn: Wholesale Lockbox, 6th Floor  
Box 870335  
928 Grand  
Kansas City, MO 64106

[www.naic.org/education\\_home.htm](http://www.naic.org/education_home.htm)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

State/Organization: \_\_\_\_\_

Address (No PO Boxes): \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

### Tuition

State Insurance Department Staff  \$545  
All Other Regulators  \$745

I am seeking CPE credit

### Payment Method

- Check or Money Order payable to the NAIC (Payment must accompany registration form)
- Zone Funds (State Ins. Dept. Staff only)
- Grant Funds (State Ins. Dept. Staff only)
- Scholarship (State Ins. Dept. Staff only)
- Credit Card (We will contact you by phone to obtain payment information)

## Learning Objectives

As a result of instruction, the target participant will be able to:

### **Unit: The Scope of Regulatory Authority**

- Identify key statutory investment limitations that contribute to the solvency of the insurer.
- Explain minimum capital requirements and surplus requirements that have resulted from laws and regulations.
- Define the parameters within which state regulators may take action throughout the solvency monitoring process or when responding to incidents of non-compliance.
- Select, from a continuum of available regulatory actions, an appropriate response to an incident of non-compliance given regulatory constraints in place.

### **Unit: Overview of the Three Critical Solvency Monitoring Components: Reporting, Analysis, and Examinations**

- Describe the roles financial reporting, analysis, and examination play in the solvency monitoring process.
- Utilize methods to establish and maintain clear communication among the reporting, analysis, and examination functions of departments and among other states and/or countries as necessary.

### **Unit: Reporting**

- Describe the roles Statutory Accounting (SAP) and Financial Reporting play in solvency monitoring (includes the objectives of the NAIC Financial Statement Blanks).
- Compare and contrast Generally Accepted Accounting Principles (GAAP) with SAP.
- Initiate changes to the SSAPs and the authoritative interpretation of SSAPs.
- Identify key differences between permitted and prescribed accounting practices and explain how these practices relate to the SSAPs.
- Locate the disclosure of the accounting practices used by a particular company.

- Initiate changes in the format of the NAIC Financial Statement Blanks and the Annual Statement Instructions requirements.

### **Unit: Analysis**

- Describe key solvency risks within a company or group.
- Interpret key financial ratios and detect early warning signs to analyze insurers.
- Utilize prioritization and analytical tools to prioritize reviews and analyze a company's financial condition.
- Document findings in accordance with the minimum requirements of the accreditation standards.
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- Document findings in accordance with the minimum requirements of the accreditation standards.
- Describe a financial analyst's possible roles in a risk-focused exam.

### **Unit: Receivership and Guaranty Funds**

- Detect signs that an insurer should be placed in receivership.
- Explain how the following measures are applied in response to insurer insolvency: conservation, seizure of assets, rehabilitation, liquidation, and dissolution.
- Explain the purpose and duties of an insolvency guaranty association and how they are financed.

## Learning Objectives (continued)

As a result of instruction, the target participant will be able to:

### **Unit: Examinations**

- Explain the primary objectives of financial condition examinations and describe the types of examinations performed.
- List the historical developments of financial condition examinations including steps to the SRA Approach.
- Describe the future direction of examinations.
- Utilize the seven phases of the Risk Assessment Approach to examinations.
- Identify the key elements of examination administration including: zone exams, lead state approach, and the issuance of exam report.

### **Unit: Insurance Special Functions - P&C Actuarial, Investment Risk, Reinsurance**

- Identify sources of expertise available to solvency regulators.
- Understand the role of the actuary in an insurance company and how this is tied to solvency.
- Ask for and interpret some key actuarial documents within the framework of solvency monitoring and/or examinations.
- Describe investment risks associated with each insurer investment asset class.
- Explain the fundamentals of derivatives (underlying objective: utilize investment expertise available from the SVO).
- Explain the functions of reinsurance.
- Identify and explain the differences between proportional and non-proportional reinsurance and the main types of reinsurance in each of these categories.
- Compare and contrast per risk, per occurrence, and aggregate excess of loss reinsurance.
- Explain why "fronting" has the potential to lead to abuse of reinsurance arrangements.

- Explain how the presence or absence of risk transfer determines the method of accounting for contracts.
- Cite what is and is not reported on Schedule F of the Annual Statement.
- State when a company is able to take the Credit for Reinsurance.

### **Unit: Accreditation**

- Explain four of the primary factors that prompted development of the Accreditation Program and describe the process applied in designing it.
- Outline stages in the accreditation process that a state must complete to earn its accreditation and list the criteria for maintaining accreditation.
- Define the three different parts of the accreditation standards.
- List specific standards within Part A and describe the methods used to assess a state's compliance with them.
- List the standards within Part B and describe the methods used to assess a state's compliance with them.
- Define the three components of standards in Part C.
- Describe the process by which Part A and Part B standards, as well as the timeline to become effective, may be changed.

### **Optional Unit: I-SITE Training**

- Use more effectively this convenient and time-saving tool.

**Simply the best financial regulatory training available... and directly from the NAIC!**