

## **2019 Adopted Committee Charges**

*11/18/2018 – Adopted during the joint meeting of Executive (EX) Committee and Plenary*

### **EXECUTIVE (EX) COMMITTEE**

The mission of the Executive (EX) Committee is to manage the affairs of the NAIC in a manner consistent with the Articles of Incorporation and Bylaws.

#### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Executive (EX) Committee** will:
  - A. Identify the goals and priorities of the organization, and make recommendations to achieve such goals and priorities, based on input of the membership. Make recommendations by the 2018 Commissioners Conference.
  - B. Create/terminate task force(s) and/or Executive (EX) Committee-level working groups to address special issues and monitor the work of these groups. Create necessary task forces and/or Executive (EX) Committee-level working groups throughout 2018 as necessary.
  - C. Submit reports and recommendations to NAIC members concerning the activities of its subcommittee and the standing committees. Submit a report at each national meeting.
  - D. Consider requests from NAIC members for friend-of-the-court briefs.
  - E. Establish and allocate functions and responsibilities to be performed by each NAIC zone.
  - F. Pursuant to the Bylaws, oversee the NAIC offices to assist the organization and the individual members in achieving the goals of the organization.
  - G. Conduct strategic planning on an ongoing basis.
  - H. Plan, implement and coordinate communications and activities with the Federal Insurance Office (FIO).
  - I. Plan, implement and coordinate communications and activities with other state, federal, local and international government organizations to advance the goals of the NAIC and promote understanding of state insurance regulation.
  - J. Review and approve requests for the development of model laws and/or regulations. Coordinate the review of existing model laws and/or regulations.
  - K. Select NAIC national meeting sites five and six years in advance of the meeting date to ensure efficient and economical locations and facilities.
  - L. Review and revise, as necessary and appropriate, the criteria and categories for registrants at NAIC national meetings.

NAIC Support Staff: Andrew J. Beal/Kay Noonan

## **FINANCIAL STABILITY (EX) TASK FORCE**

The mission of the Financial Stability (EX) Task Force is to consider issues concerning domestic or global financial stability as they pertain to the role of state insurance regulators.

### **Ongoing Support of NAIC Program, Products or Services**

1. The **Financial Stability (EX) Task Force** will:
  - A. Consider issues concerning domestic or global financial stability as they pertain to the role of state insurance regulators and make recommendations to the International Insurance Relations (G) Committee, the Government Relations (EX) Leadership Council and/or the Executive (EX) Committee, as appropriate.
    1. Analyze existing post-financial crisis regulatory reforms for their application in identifying macroeconomic trends, including identifying possible areas of improvement or gaps, and propose to the Financial Condition (E) Committee or other relevant committee enhancements and/or additions to further improve the ability of state insurance regulators and the industry to address macroprudential impacts; consult with such committees on implementation as needed.
  - B. Consider state insurance regulators' input to national and international discussions on macrofinancial vulnerabilities affecting the insurance sector.
  - C. Serve as a forum to coordinate state insurance regulators' perspectives on a wide variety of issues arising from the designation of a U.S. insurance group as "systemically important," both pre- and post-designation, including:
    1. Where appropriate, develop policy recommendations and/or guidance regarding the role, responsibilities and activities of state insurance regulators in the context of consolidated supervision resulting from designation.
    2. Analyze proposed rules by the federal agencies that relate to financial stability.
    3. Analyze proposed policy measures regarding supervisory standards for global systemically important insurers.
    4. Develop comment letters on such analysis for further consideration by the International Insurance Relations (G) Committee, the Government Relations (EX) Leadership Council and/or the Executive (EX) Committee, as appropriate.
2. The **Liquidity Assessment (EX) Subgroup** will:
  - A. Review existing public and regulator-only data related to liquidity risk, identify any gaps based on regulatory needs and propose the universe of companies to which any recommendations may apply.
  - B. Construct a liquidity stress testing framework proposal for consideration by the Financial Condition (E) Committee, including the proposed universe of companies to which the framework will apply (e.g., large life insurers).

NAIC Support Staff: Elise Liebers/John Hopman/Mark Sagat/Todd Sells

## **GOVERNMENT RELATIONS (EX) LEADERSHIP COUNCIL**

The Government Relations (EX) Leadership Council coordinates the NAIC's ongoing work with the federal government and state government officials on legislative and regulatory policy. The Leadership Council, in conjunction with the NAIC's other standing committees, is responsible for quickly responding to federal legislative and regulatory developments that impact insurance regulation.

The mission of the Government Relations (EX) Leadership Council is to develop, coordinate and implement the NAIC's legislative, regulatory and grassroots initiatives. The Leadership Council will devise strategies for NAIC action and promote the participation of all NAIC members in the NAIC's government relations initiatives.

### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Government Relations (EX) Leadership Council** will:
  - A. Monitor, analyze and respond to federal legislative and regulatory actions and other issues of importance to the NAIC membership.
  - B. Work with other standing committees, task forces and working groups to help develop and communicate the NAIC's policy views to federal and state officials on pending legislation and regulatory issues by involvement of NAIC members through testimony, correspondence and other approaches.
  - C. Develop a strategy and program for directly engaging NAIC members with the U.S. Congress and federal agencies to advocate for NAIC objectives and the benefits and efficiencies of state-based insurance regulation.
  - D. Secure broader participation from NAIC membership on all government affairs advocacy initiatives.
  - E. Report to the Executive (EX) Committee on all activities and matters relating to the annual charges of the Leadership Council.

NAIC Support Staff: Ethan Sonnichsen

## INNOVATION AND TECHNOLOGY (EX) TASK FORCE

The mission of the Innovation and Technology (EX) Task Force is to provide a forum for regulator education and discussion of innovation and technology in the insurance sector, to monitor technology developments that impact the state insurance regulatory framework, and to develop regulatory guidance, as appropriate.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Innovation and Technology (EX) Task Force** will:
  - A. Provide forums, resources and materials for the discussion of innovation and technology developments in the insurance sector, including the collection and use of data by insurers and state insurance regulators—as well as new products, services and distribution platforms—in order to educate state insurance regulators on how these developments impact consumer protection, privacy, insurer and producer oversight, marketplace dynamics and the state-based insurance regulatory framework.
  - B. Develop regulatory guidance, white papers or make other recommendations to the Executive (EX) Committee, as appropriate.
  - C. Discuss regulatory issues that arise with the development of autonomous vehicles. Study and, if necessary, develop recommendations for changes needed to the state-based insurance regulatory framework. Consider development of a white paper or model legislation, if necessary.
  - D. Discuss emerging issues related to companies or licensees leveraging new technologies to develop products for on-demand insurance purposes—in addition to potential implications on the state-based insurance regulatory structure—including, but not limited to, reviewing new products and technologies impacting the insurance space and the associated regulatory implications.
  - E. Monitor developments in the area of cybersecurity, including the implementation of the Insurance Data Security Model Law and representing the NAIC and communicating with other entities/groups, including sharing information as may be appropriate.
  - F. Coordinate with other NAIC committees and task forces, as appropriate, on technology, innovation and cybersecurity issues.
2. The **Big Data (EX) Working Group** will:
  - A. Review current regulatory frameworks used to oversee insurers' use of consumer and non-insurance data. If appropriate, recommend modifications to model laws and/or regulations regarding marketing, rating, underwriting and claims, regulation of data vendors and brokers, regulatory reporting requirements, and consumer disclosure requirements.
  - B. Propose a mechanism to provide resources and allow the states to share resources to facilitate their ability to conduct technical analysis of, and data collection related to, the review of complex models used by insurers for underwriting, rating and claims. Such a mechanism shall respect and in no way limit the states' regulatory authority.
  - C. Assess data needs and required tools for state insurance regulators to appropriately monitor the marketplace and evaluate underwriting, rating, claims and marketing practices. This assessment shall include gaining a better understanding of currently available data and tools, as well as recommendations for additional data and tools, as appropriate. Based on this assessment, propose a means to collect, house and analyze needed data.

## INNOVATION AND TECHNOLOGY (EX) TASK FORCE *(continued)*

3. The **Speed to Market (EX) Working Group** will:
  - A. Consider proposed SERFF features or functionality presented to the Working Group by the SERFF Advisory Board, likely originating from the SERFF Product Steering Committee. Upon approval and acquisition of any needed funding, direct the SERFF Advisory Board to implement the project. Receive periodic reports from the SERFF Advisory Board, as needed.
  - B. Discuss and oversee the implementation and ongoing maintenance/enhancement of speed to market operational efficiencies related to product filing needs, efficiencies, and effective consumer protection. This includes the following activities:
    1. Provide a forum to gather information from the states and the industry regarding tools, policies and resolutions to assist with common filing issues. Provide oversight in evaluating product filing efficiency issues for state insurance regulators and the industry, particularly with regard to uniformity. In 2019, evaluate the 2018 survey to states regarding the usefulness of existing tools and potential new tools and propose a plan to make improvements.
    2. Use SERFF data to develop, refine, implement, collect and distribute common filing metrics that provide a tool to measure the success of the speed to market modernization efforts as measured by nationwide and individual state speed to market compliance, with an emphasis on monitoring state regulatory and insurer responsibilities for speed to market for insurance products.
    3. Facilitate proposed changes to the product coding matrices (PCMs) and the uniform transmittal document (UTD) on an annual basis, including the review, approval and notification of changes. Monitor, assist with and report on state implementation of any PCM changes.
    4. Facilitate the review and revision of the *Product Filing Review Handbook*, which contains an overview of all of the operational efficiency tools and describes best practices for industry filers and state reviewers with regard to the rate and form filing and review process. In 2019, develop and implement a communication plan to inform states about the *Product Filing Review Handbook*.
  - C. Provide direction to NAIC staff regarding SERFF functionality, implementation, development and enhancements. Direct NAIC staff to provide individual state speed to market reports to each commissioner at each National Meeting. Receive periodic reports from NAIC staff, as needed.
  - D. Conduct the following activities as desired by the Interstate Insurance Product Regulation Commission (IIPRC):
    1. Provide support to the IIPRC as the speed to market vehicle for asset-based insurance products, encouraging the states' participation in, and the industry's usage of the IIPRC.
    2. Receive periodic reports from the IIPRC, as needed.

NAIC Support Staff: Scott Morris/Denise Matthews

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

The mission of the Internal Administration (EX1) Subcommittee is to monitor the operations of the NAIC, including preparing a budget for Executive (EX) Committee review, providing direction on personnel issues, approving emergency expenditures, evaluating the chief executive officer (CEO) and assisting the CEO in resolving competing demands for NAIC staff resources.

### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Internal Administration (EX1) Subcommittee** will:
  - A. Review and approve all expenditures of funds not included in the annual budget by considering any fiscal impact statements of unbudgeted resource requests and reporting its actions to the Executive (EX) Committee.
  - B. Annually work with the chief executive officer (CEO), chief operating officer/chief legal officer (COO/CLO) and chief financial officer (CFO) to review the business operations plan, which will incorporate the Executive (EX) Committee's strategic management initiatives, and report its actions to the Executive (EX) Committee.
  - C. Oversee a review of any management areas of the NAIC that should be designated for formal operational reviews by working through the CEO and COO/CLO.
  - D. Oversee the development, revision and delivery of all NAIC education programs, or the addition of new programs, by coordinating with other committees as appropriate and providing direction to the CEO and COO/CLO.
  - E. Receive a report at each national meeting from the NAIC Audit Committee, which will be chaired by the secretary-treasurer. The NAIC Audit Committee will meet with NAIC management at or before each national meeting, or more frequently as necessary, to review the NAIC financial statements and to hear reports from NAIC management on emerging financial issues for the NAIC, and will report such information to the Internal Administration (EX1) Subcommittee. The NAIC Audit Committee shall also carry out the following activities pursuant to its charter:
    1. Engage the NAIC's independent accountants with respect to the annual audit. This will include the appointment of an independent audit firm, a review of the results of the annual audit, and discussions with the independent auditors and NAIC management to ensure that all audit comments or suggestions are addressed in a timely manner.
    2. Engage the NAIC's service advisory firm. This will include the selection of an independent firm to provide Statement on Standards for Attestation Engagements (SSAE) services to the NAIC.
  - F. Serve as the primary liaison between the NAIC membership and the NAIC investment advisor, or appoint a subcommittee to act in that capacity, including the receipt of reports on the performance of the NAIC's investment portfolio and, from time to time, meet directly with investment firm representatives to hear periodic reports and recommendations.
  - G. Review and revise, as necessary and appropriate, the criteria and categories for registrants at NAIC national meetings.
  - H. Appoint the Information Systems (EX1) Task Force to provide regulator-based technology expertise.
  - I. Conduct evaluations of the CEO and COO/CLO, and make appropriate recommendations to the Executive (EX) Committee. Consult with the CEO and COO/CLO on compensation of senior management.

NAIC Support Staff: Andrew J. Beal/James W. Woody

NAIC Support Staff: Andrew J. Beal/James W. Woody

## **INFORMATION SYSTEMS (EX1) TASK FORCE**

The mission of the Information Systems (EX1) Task Force is to: 1) provide regulator-based technology expertise to the Internal Administration (EX1) Subcommittee; and 2) support committee activities and objectives by monitoring projects providing technical services or systems for state regulation as prioritized by the Executive (EX) Committee.

### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Information Systems (EX1) Task Force** will:
  - A. Serve as the Internal Administration (EX1) Subcommittee's project-independent technology monitor and consultant. This involves monitoring the development, deployment and operations of NAIC information technology systems and services for state insurance regulators and, based on this effort, providing reports and recommendations to the Subcommittee as appropriate. To achieve this, the Task Force will receive regular portfolio and technical operational reports.
  - B. Provide consultation to the NAIC technology staff, and provide interpretation of intent and specific technology direction where needed. For example, from time to time, NAIC technology staff may request approval of a specific technology approach, such as a proposal to drop support for a particular version of software. The Task Force will provide direction in such matters, either directly or through a working group. Task Force members will also communicate current and future state technology changes planned for their state to alert NAIC technology staff of potential impacts and requirements for NAIC systems and services used by state insurance regulators.
  - C. Review, with technical recommendations for the Subcommittee: 1) Fiscal Impact Statements Appendix A for all *State Ahead* projects and others involving a technology component exceeding \$100,000 or 1,150 hours of technology staff development and is not limited to the support of the internal operations; and 2) project requests that involve technology being submitted to the Subcommittee or directly to the Executive (EX) Committee.

NAIC Support Staff: Cheryl McGee/Sherry Stevens

## LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

The mission of the Life Insurance and Annuities (A) Committee is to consider issues relating to life insurance and annuities and review new life insurance products.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Life Insurance and Annuities (A) Committee** will:
  - A. Monitor the activities of the Life Actuarial (A) Task Force.
  - B. Explore ways to promote retirement security consistent with the NAIC’s continuing “Retirement Security Initiative.”
2. The **Annuity Disclosure (A) Working Group** will:
  - A. Review and revise, as necessary, Section 6—Standards for Annuity Illustrations in the *Annuity Disclosure Model Regulation* (#245) to take into account the disclosures necessary to inform consumers in light of the product innovations currently in the marketplace.
3. The **Annuity Suitability (A) Working Group** will:
  - A. Review and revise, as necessary, the *Suitability in Annuity Transactions Model Regulation* (#275).
  - B. Consider how to promote greater uniformity across NAIC-member jurisdictions.
4. The **Life Insurance Online Guide (A) Working Group** will:
  - A. Develop an online resource on life insurance, including the evaluation of existing content on the NAIC website, to be published digitally for the benefit of the public.
5. The **Life Insurance Illustration Issues (A) Working Group** will:
  - A. Explore how the narrative summary required by Section 7B of the *Life Insurance Illustrations Model Regulation* (#582) and the policy summary required by Section 5A(2) of the *Life Insurance Disclosure Model Regulation* (#580) can be enhanced to promote consumer readability and understandability of these life insurance policy summaries, including how they are designed, formatted and accessed by consumers.

NAIC Support Staff: Jennifer R. Cook/Jolie H. Matthews



## LIFE ACTUARIAL (A) TASK FORCE

The mission of the Life Actuarial (A) Task Force is to identify, investigate and develop solutions to actuarial problems in the life insurance industry.

### Ongoing Support of NAIC Programs, Products and Services

1. The **Life Actuarial (A) Task Force** will:
    - A. Work to keep reserve, reporting, and other actuarial-related requirements current. This includes principle-based reserving (PBR) and other requirements in the *Valuation Manual*, actuarial guidelines, and recommendations for appropriate actuarial reporting in blanks. Respond to charges from the Life Insurance and Annuities (A) Committee and to referrals from other groups or committees as appropriate.
    - B. Report progress on all work to the Life Insurance and Annuities (A) Committee and provide updates to the Financial Condition (E) Committee on matters related to life insurance company solvency. This work includes the following:
      1. Work with the American Academy of Actuaries (Academy) and the Society of Actuaries (SOA) to develop new mortality tables for valuation and minimum nonforfeiture requirements for simplified issue forms of life insurance.
      2. Provide recommendations for guidance and requirements for accelerated underwriting, as needed.
      3. Evaluate and provide recommendations regarding the VM-21/AG 43 Standard Projection Amount, which may include continuing as a required floor or providing as disclosure. This evaluation is to be completed during the three years after implementation of the Variable Annuities Framework.
      4. Monitor the work of the Variable Annuity Issues (E) Working Group, and work with any recommendations from the C-3 Phase II/AG 43 (E/A) Subgroup to implement changes to *Actuarial Guideline XLIII—CARVM for Variable Annuities* (AG 43) and VM-21, Requirements for Principle-Based Reserves for Variable Annuities.
      5. Work with the SOA on the annual development of the Generally Recognized Expense Table (GRET) factors.
      6. Provide recommendations and changes, as appropriate, to other reserve and nonforfeiture requirements to address issues, and provide actuarial assistance and commentary to other NAIC committees relative to their work on actuarial matters.
      7. Monitor international developments regarding life and health insurance reserving, capital and related topics. Compare and benchmark with PBR requirements.
  2. The **C-3 Phase II/AG 43 (E/A) Subgroup**, a joint subgroup of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force, will:
    - A. Develop and recommend changes to C-3 Phase II, *Actuarial Guideline XLIII—CARVM for Variable Annuities* (AG 43) and VM-21, Requirements for Principle-Based Reserves for Variable Annuities, that implement the Variable Annuities Framework. Target completion is for Jan. 1, 2020, implementation.
    - B. Develop and recommend changes to improve accuracy and clarity of variable annuity (VA) capital and reserve requirements.
- Note:** The Financial Condition (E) Committee will be asked to consider a name change for the Subgroup. Once the change has been completed, these charges will be updated to reflect the new name.
3. The **Experience Reporting (A) Subgroup** will:
    - A. Continue development of the experience reporting requirements within the *Valuation Manual*. Provide input, as appropriate, for the process regarding the experience reporting agent, data collection, and subsequent analysis and use of experience submitted.

**LIFE ACTUARIAL (A) TASK FORCE** *(continued)*

4. The **IUL Illustration (A) Subgroup** will:
  - A. Consider enhancements to *Actuarial Guideline XLIX—The Application of the Life Illustrations Model Regulation to Policies with Indexed-Based Interest* (AG 49). Provide recommendations for modifications to AG 49 to the Life Actuarial (A) Task Force.
  
5. The **Longevity Risk (A/E) Subgroup**, a joint subgroup of the Life Actuarial (A) Task Force and the Life Risk-Based Capital (E) Working Group, will:
  - A. Provide recommendations for recognizing longevity risk in statutory reserves and/or risk-based capital (RBC), as appropriate.
  
6. The **VM-22 (A) Subgroup** will:
  - A. Consider a PBR methodology and recommend appropriate requirements for non-variable (fixed) annuities in the accumulation phase for consideration by the Life Actuarial (A) Task Force.

NAIC Support Staff: Reggie Mazyck/Eric King

## HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE

The mission of the Health Insurance and Managed Care (B) Committee is to consider issues relating to all aspects of health insurance.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Health Insurance and Managed Care (B) Committee** will:
  - A. Respond to inquiries from the U.S. Congress, the White House and federal agencies; analyze policy implications and effect on states of proposed and enacted federal legislation and regulations; and communicate the NAIC's position through letters and testimony when requested.
  - B. Monitor the activities of the Health Actuarial (B) Task Force.
  - C. Monitor the activities of the Regulatory Framework (B) Task Force.
  - D. Monitor the activities of the Senior Issues (B) Task Force.
  - E. Serve as the official liaison between the NAIC and the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), the National Committee on Quality Assurance (NCQA) and URAC.
  - F. Examine factors that contribute to rising health care costs and insurance premiums. Review state initiatives to address cost drivers.
  - G. Coordinate with the Market Regulation and Consumer Affairs (D) Committee, as necessary, to provide policy recommendations regarding uniform state enforcement of the federal Affordable Care Act (ACA).
  - H. Coordinate with the Producer Licensing (D) Task Force, as necessary, regarding the regulation and activities of navigators and non-navigator assistance personnel as provided under the ACA and regulations implementing the ACA.
  - I. Coordinate with the Antifraud (D) Task Force, as necessary, regarding state and federal antifraud activities related to the implementation of the ACA.
  - J. Coordinate with the Market Regulation and Consumer Affairs (D) Committee, as necessary, to collect uniform data and monitor market conduct trends on plans that are not regulated under the Affordable Care Act, including short-term, limited-duration insurance, association health plans, and packaged indemnity health products.
2. The **Consumer Information (B) Subgroup** will:
  - A. Develop information or resources, as needed, that would be helpful to state insurance regulators and others in assisting consumers to better understand health insurance.
  - B. Review NAIC publications that touch on health insurance to determine if they need updating. If updates are needed, suggest specific revisions to the appropriate NAIC group or NAIC division to make the changes.
3. The **CO-OP Solvency and Receivership (B) Subgroup** will:
  - A. Provide a forum for state insurance regulators to discuss and share information through conference calls and meetings on the status of the Consumer Operated and Oriented Plans (CO-OPs) created under the ACA.
4. The **Health Care Reform Regulatory Alternatives (B) Working Group** will:
  - A. Provide a forum for the discussion of, and guidance on, the opportunities provided under the ACA for state market innovation options and alternatives in implementing the ACA.

NAIC Support Staff: Jolie H. Matthews/Brian R. Webb/Jennifer R. Cook

## HEALTH ACTUARIAL (B) TASK FORCE

The mission of the Health Actuarial (B) Task Force is to identify, investigate and develop solutions to actuarial problems in the health insurance industry.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Health Actuarial (B) Task Force** will:
  - A. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary with respect to model rules for appropriate long-term care insurance (LTCI) rates, rating practices and rate changes.
  - B. Provide support for issues related to implementation of, and/or changes to, the federal Affordable Care Act (ACA).
  - C. Continue to develop health insurance reserving requirements (VM-25, Health Insurance Reserves Minimum Reserve Requirements) using a principle-based reserving (PBR) framework.
  - D. Develop LTCI experience reporting requirements in VM-50, Experience Reporting Requirements, and VM-51, Experience Reporting Formats, of the *Valuation Manual*.
  - E. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary to other NAIC groups relative to their work on health actuarial matters.
2. The **Health Care Reform Actuarial (B) Working Group** will:
  - A. Assist the Health Actuarial (B) Task Force in completing its charge to provide support for issues related to implementation of, and/or changes to, the ACA.
3. The **Long-Term Care Actuarial (B) Working Group** will:
  - A. Assist the Health Actuarial (B) Task Force in completing the following charges:
    1. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary with respect to model rules for appropriate long-term care insurance (LTCI) rates, rating practices and rate changes.
    2. Continue to develop health insurance reserving requirements (VM-25, Health Insurance Reserves Minimum Reserve Requirements) using a principle-based reserving (PBR) framework.
    3. Develop LTCI experience reporting requirements in VM-50, Experience Reporting Requirements, and VM-51, Experience Reporting Formats, of the *Valuation Manual*.
4. The **Health Reserves (B) Subgroup** will:
  - A. Assist the Health Actuarial (B) Task Force in completing its charge to continue to develop health insurance reserving requirements (VM-25, Health Insurance Reserves Minimum Reserve Requirements) using a principle-based reserving (PBR) framework

NAIC Support Staff: Eric King

## REGULATORY FRAMEWORK (B) TASK FORCE

The mission of the Regulatory Framework (B) Task Force is to: 1) develop NAIC model acts and regulations for state health care initiatives; and 2) consider policy issues affecting state health insurance regulation.

### Ongoing Support of NAIC Programs, Products and Services

1. The **Regulatory Framework (B) Task Force** will:
  - A. Coordinate and develop the provision of technical assistance to the states regarding state-level implementation issues raised by federal health legislation and regulations.
  - B. Review managed health care reforms, their delivery systems occurring in the marketplace and other forms of health care delivery. Recommend appropriate revisions to regulatory jurisdiction, authority and structures.
  - C. Consider the development of new NAIC model laws and regulations and the revision of existing NAIC model laws and regulations, including those affected by federal legislation and final federal regulations promulgated pursuant to such legislation.
  - D. Continue to review NAIC models recommended for revision by the former Affordable Care Act (ACA) Model Review (B) Working Group and, as appropriate, appoint a working group or subgroup to revise the NAIC model(s) prioritized for revision in 2019.
  - E. At the direction of the Health Insurance and Managed Care (B) Committee, through the work of the ERISA (B) Working Group, monitor, report and analyze developments related to association health plans (AHPs).
  - F. Monitor, analyze and report, as necessary, developments related to short-term, limited-duration coverage.
2. The **Accident and Sickness Insurance Minimum Standards (B) Subgroup** will:
  - A. Review and consider revisions to the *Accident and Sickness Insurance Minimum Standards Model Act* (#170) and its companion regulation, the *Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act* (#171).
3. The **ERISA (B) Working Group** will:
  - A. Monitor, report and analyze developments related to the federal Employee Retirement Income Security Act (ERISA), and make recommendations regarding NAIC strategy and policy with respect to those developments.
  - B. Monitor, facilitate and coordinate with the states and the U.S. Department of Labor (DOL) related to sham health plans.
  - C. Monitor, facilitate and coordinate with the states and the DOL regarding compliance and enforcement efforts regarding the ACA that relate to ERISA.
  - D. Review the *Health and Welfare Plans Under the Employee Retirement Income Security Act: Guidelines for State and Federal Regulation* (ERISA Handbook) and modify it, as necessary, to reflect developments related to ERISA. Report annually.
4. The **Pharmacy Benefit Manager Regulatory Issues (B) Subgroup** will:
  - A. Consider developing a new NAIC model to establish a licensing or registration process for pharmacy benefit managers (PBMs). The Subgroup may consider including in the new NAIC model provisions on PBM prescription drug pricing and cost transparency.

NAIC Support Staff: Jolie H. Matthews/Jennifer R. Cook

## SENIOR ISSUES (B) TASK FORCE

The mission of the Senior Issues (B) Task Force is to: 1) consider policy issues; 2) develop appropriate regulatory standards; and 3) revise, as necessary, the NAIC models, consumer guides and training material on Medicare supplement insurance, long-term care insurance, senior counseling programs and other insurance issues that affect older Americans.

### Ongoing Support of NAIC Programs, Products or Services

#### 1. The **Senior Issues (B) Task Force** will:

- A. Develop appropriate regulatory standards and revisions, as necessary, to the NAIC models, consumer guides and training material on Medicare supplement insurance, senior counseling programs and other insurance issues that affect older Americans. Work with federal agencies to advance appropriate regulatory standards for Medicare supplement and other forms of health insurance applicable to older Americans. Review the *Medicare Supplement Insurance Minimum Standards Model Act* (#650) and the *Medicare Supplement Insurance Minimum Standards Regulation* (#651) to determine if amendments are required based on changes to federal law. Work with the U.S. Centers for Medicare & Medicaid Services (CMS) to revise the annual joint publication, *Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare*.
- B. Monitor the Medicare Advantage and Medicare Part D marketplace. Assist the states, as necessary, with regulatory issues; maintain a dialogue and coordinate with CMS on regulatory issues, including solvency oversight of waived plans and agent misconduct. Assist the states and serve as a clearinghouse for information on Medicare Advantage plan activity.
- C. Provide the perspective of state insurance regulators to the U.S. Congress, as appropriate, and CMS on insurance issues, including those concerning the effect and result of federal activity on the senior citizen health insurance marketplace and regulatory scheme. Review and monitor state and federal relations with respect to senior health care initiatives and other impacts on the states.
- D. Monitor developments concerning the State Health Insurance Assistance Programs (SHIPs), including information on legislation impacting the funding of SHIPs. Provide assistance to the states with issues relating to SHIPs and support a strong partnership between SHIPs and CMS. Provide the perspective of state insurance regulators to federal officials, as appropriate, on issues concerning SHIPs.
- E. Monitor, maintain and review, in accordance with changes to Model #651, a record of state approvals of all Medicare supplement insurance new or innovative benefits for use by state insurance regulators and others. Review state-approved new or innovative benefits and consider whether to recommend that they be made part of standard benefit plan designs in Model #651.
- F. Develop appropriate regulatory standards and revisions, as necessary, to the NAIC models, consumer guides and training material on long-term care insurance (LTCI), including the study and evaluation of evolving LTCI product design, rating, suitability and other related factors. Review the existing *Long-Term Care Insurance Model Act* (#640) and the *Long-Term Care Insurance Model Regulation* (#641) to determine their flexibility to remain compatible with the evolving delivery of long-term care services and remain compatible with the evolving LTCI marketplace. Work with federal agencies as appropriate.
- G. Examine examples of health-related financial exploitation of seniors and work with other NAIC committees, task forces and working groups on possible solutions.

#### 2. The **Short Duration Long-Term Care Policies (B) Subgroup** will:

- A. Create a model to address long-term care products of short duration that are excluded from the *Long-Term Care Insurance Model Act* (#640) and the *Long-Term Care Insurance Model Regulation* (#641) but do not quite fit under the *Accident and Sickness Insurance Minimum Standards Model Act* (#170) and the *Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act* (#171).

#### 3. The **Long-Term Care Shopper's Guide (B) Working Group** will:

- A. Revise and update *A Shopper's Guide to Long-Term Care Insurance*.

NAIC Support Staff: David Torian

## PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE

The mission of the Property and Casualty Insurance (C) Committee is to: 1) monitor and respond to problems associated with the products, delivery and cost in the property/casualty (P/C) insurance market and the surplus lines market as they operate with respect to individual persons and businesses; 2) monitor and respond to problems associated with financial reporting matters for P/C insurers that are of interest to regulatory actuaries and analysts; and 3) monitor and respond to problems associated with the financial aspects of the surplus lines market.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Property and Casualty Insurance (C) Committee** will:
  - A. Discuss issues arising and make recommendations with respect to advisory organization and insurer filings for personal and commercial lines, as needed. Report yearly.
  - B. Monitor the activities of the Casualty Actuarial and Statistical (C) Task Force.
  - C. Monitor the activities of the Surplus Lines (C) Task Force.
  - D. Monitor the activities of the Title Insurance (C) Task Force.
  - E. Monitor the activities of the Workers' Compensation (C) Task Force.
  - F. Provide an impartial forum for considering appeals of adverse decisions involving alien insurers delisted or rejected for listing to the *Quarterly Listing of Alien Insurers*. Appeal procedures are described in the International Insurers Department (IID) Plan of Operation.
  - G. Monitor and review developments in case law and rehabilitation proceedings related to risk-retention groups (RRGs). If warranted, make appropriate changes to the *Risk Retention and Purchasing Group Handbook*.
  - H. Monitor the activities of the Federal Crop Insurance Corporation (FCIC) that affect state insurance regulators:
    1. Serve as a forum for discussing issues related to the interaction of federal crop insurance programs with state insurance regulation.
    2. Review law changes and court decisions and, if warranted, make appropriate changes to the *Federal Crop Insurance Program Handbook: A Guide for Insurance Regulators*.
    3. Monitor the regulatory information exchanges between the FCIC and state insurance regulators, as well as the FCIC and the NAIC, and make recommendations for improvement or revisions, as needed.
  - I. Review findings in the pet insurance white paper and consider whether any additional regulatory activities are warranted, including the possibility of drafting a model law or guideline.
2. The **Advisory Organization Examination Oversight (C) Working Group** will:
  - A. Revise the protocols, as necessary, for the examination of national or multistate advisory organizations (includes rating organizations and statistical agents) to be more comprehensive, efficient and possibly less frequent than the current system of single-state exams. Solicit input and collaboration from other interested and affected committees and task forces.
  - B. Monitor the data reporting and data-collection processes of advisory organizations (including rating organizations and statistical agents) to determine if they are implementing appropriate measures to ensure data quality. Report the results of this ongoing charge as needed.
  - C. Actively assist with and coordinate multistate examinations of advisory organizations (including rating organizations and statistical agents).
3. The **Cannabis Insurance (C) Working Group** will:
  - B. Consider the insurance regulatory issues surrounding the legalized cannabis business, including availability and scope of coverage, workers' compensation issues, and consumer information and protection. The Working Group will develop a white paper outlining the issues and containing recommendations for the development of regulatory guidance as appropriate. The Working Group will complete its work by first quarter 2020.

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

4. The **Catastrophe Insurance (C) Working Group** will:
  - A. Monitor and recommend measures to improve the availability and affordability of insurance and reinsurance related to catastrophe perils for personal and commercial lines.
  - B. Evaluate potential state, regional and national programs to increase capacity for insurance and reinsurance related to catastrophe perils.
  - C. Monitor and assess proposals that address disaster insurance issues at the federal and state levels. Assess concentration-of-risk issues and whether a regulatory solution is needed.
  - D. Provide a forum for discussing issues and recommending solutions related to insuring for catastrophe risk, including terrorism, war and natural disasters.
  - E. Provide a forum for discussing various issues related to catastrophe modeling, and monitor issues that will result in changes to the *Catastrophe Computer Modeling Handbook*.
  - F. Investigate and recommend ways the NAIC can assist states in responding to disasters, and discuss issues surrounding loss mitigation. Update the *State Disaster Response Plan*, as needed, so that it provides a blueprint for action by the states to respond to catastrophic events.
  - G. Collect and analyze National Flood Insurance Program (NFIP) data, and create a best practices document to help facilitate the private flood insurance market.
  - H. Study, in coordination with other NAIC task forces and working groups, earthquake matters of concern to state insurance regulators. Consider various innovative earthquake insurance coverage options aimed at improving take-up rates.
  
5. The **Climate Change and Global Warming (C) Working Group** will:
  - A. Review the enterprise risk management (ERM) efforts by carriers and how they may be affected by climate change and global warming.
  - B. Investigate and receive information regarding the use of modeling by carriers and their reinsurers concerning climate change and global warming.
  - C. Review the impact of climate change and global warming on insurers through presentations by interested parties.
  - D. Investigate sustainability issues and solutions related to the insurance industry.
  - E. Review innovative insurer solutions to climate change, including new insurance products through presentations by interested parties.
  
6. The **Lender-Placed Insurance Model Act (C) Working Group** will:
  - A. Complete the drafting and adoption of a new model law concerning lender-placed insurance as it relates to mortgages.
  
7. The **Terrorism Insurance Implementation (C) Working Group** will:
  - A. Coordinate the NAIC's efforts to address insurance coverage for acts of terrorism. Work with the U.S. Department of the Treasury's Terrorism Risk Insurance Program (TRIP) Office on matters of mutual concern. Discuss long-term solutions to address the risk of loss from acts of terrorism.
  - B. Review and report on data collection related to insurance coverage for acts of terrorism.



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

8. The **Transparency and Readability of Consumer Information (C) Working Group** will:
  - A. Study and evaluate actions that will improve the capacity of consumers to comparison shop on the basis of differences in coverage provided by different insurance carriers offering personal lines products.
  - B. Systematize and improve presale disclosures of coverage.
  - C. Increase consumer accessibility to different carriers' policy forms on a presale basis. The Working Group should consider all possible avenues of accessibility, including state insurance department websites, the NAIC, insurance companies and the possibility of presale provision of complete policy language.
  - D. Facilitate consumers' capacity to understand the content of insurance policies and assess differences in insurers' policy forms. The Working Group should consider: 1) implementing new readability rules as suggested by the Market Regulation and Consumer Affairs (D) Committee; 2) promoting consistent, clear and logical formatting and organization of all policies; and 3) any other measures that would improve the intellectual accessibility of policy forms.
  - E. Develop a shopping tool for homeowners, renters and business owners on flood insurance coverage, and work with state insurance regulators to develop a standardized website and flood bulletin to assist consumers who have questions regarding flood insurance.
  - F. Study and discuss whether there is a need for consumer disclosures regarding significant premium increases on property/casualty (P/C) insurance products.
  - G. Update *A Shopping Tool for Homeowners Insurance* and *A Shopping Tool for Automobile Insurance*.

NAIC Support Staff: Aaron Brandenburg/Kris DeFrain

## CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE

The mission of the Casualty Actuarial and Statistical (C) Task Force is to identify, investigate and develop solutions to actuarial problems and statistical issues in the property/casualty (P/C) insurance industry. The Task Force's goals are to assist regulators with maintaining the financial health of P/C insurers, ensuring P/C insurance rates are not excessive, inadequate or unfairly discriminatory and ensuring that appropriate data regarding P/C insurance markets are available.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Casualty Actuarial and Statistical (C) Task Force** will:
  - A. Provide reserving, pricing, ratemaking, statistical and other actuarial support to NAIC committees, task forces and/or working groups. Propose changes to the appropriate work products (with the most common work products noted below), and present comments on proposals submitted by others relating to casualty actuarial and statistical matters. Monitor the activities, including the development of financial services regulations and statistical (including disaster) reporting, relating to casualty actuarial issues.
    1. Blanks (E) Working Group (property/casualty (P/C) annual financial statement, including Schedule P; P/C quarterly financial statement; P/C quarterly and annual financial statement instructions, including Statement of Actuarial Opinion (SAO) and Actuarial Opinion Summary Supplement).
    2. Statutory Accounting Principles (E) Working Group (*Accounting Practices and Procedures Manual*). Review and provide comments on statutory accounting issues being considered under *SSAP No. 65—Property and Casualty Contracts*.
    3. Capital Adequacy (E) Task Force (P/C risk-based capital (RBC) report).
    4. Financial Analysis Handbook (E) Working Group (P/C actuarial sections and other sections regarding the use of P/C actuaries in the risk-focused examination process of the *Financial Analysis Handbook*).
    5. Financial Examiners Handbook (E) Technical Group (P/C actuarial sections and other sections regarding the use of P/C actuaries in the risk-focused examination process of the *Financial Condition Examiners Handbook*).
    6. Operational Efficiencies (EX) Subgroup of the Speed to Market (EX) Working Group (P/C actuarial sections of the *Product Filing Review Handbook*).
    7. Auto insurance affordability, data call, any remaining issues related to price optimization.
  - B. Monitor national casualty actuarial developments, and consider regulatory implications.
    1. Casualty Actuarial Society (CAS) (Statements of Principles and *Syllabus of Basic Education*).
    2. American Academy of Actuaries (Academy) (Standards of Practices, Council on Professionalism and Casualty Practice Council).
    3. Society of Actuaries (SOA) (general insurance track).
    4. Federal legislation.
  - C. Monitor activities related to the Own Risk and Solvency Assessment (ORSA), including the activities of the Group Solvency Issues (E) Working Group, the Academy, the International Actuarial Association (IAA) and other relevant organizations.
  - D. Facilitate discussion among regulators regarding rate filing issues of common interest across states through the scheduling of regulator-only conference calls.
  - E. In coordination with the Executive (EX) Committee, conduct the following work related to P/C appointed actuaries:
    1. Develop an attestation an actuary must complete and sign annually to verify the actuary is qualified to sign a statutory P/C SAO.
    2. Work with the Academy to add clarity to the required three-year experience period in the *U.S. Qualification Standards*.
  - F. Work with the CAS and SOA to identify: 1) whether the P/C appointed actuaries' logs of continuing education (CE) should contain any particular categorization to assist regulatory review; 2) what types of learning P/C appointed actuaries are using to meet CE requirements for specific qualification standards today; and 3) whether more

## CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE *(continued)*

- G. specificity should be added to the P/C appointed actuaries' CE requirements to ensure CE is aligned with the educational needs for a P/C appointed actuary.
- H. In coordination with the Big Data (EX) Working Group:
  - 1. Draft and propose changes to the *Product Filing Review Handbook* (Handbook) to include best practices for review of predictive models and analytics filed by insurers to justify rates.
  - 2. Draft and propose state guidance (e.g., information, data) for rate filings that are based on complex predictive models.
  - 3. Facilitate training and the sharing of expertise through predictive analytics webinars (aka "Book Club").
- 2. The **Actuarial Opinion (C) Working Group** will:
  - A. Propose revisions to the following, as needed, especially to improve actuarial opinions, actuarial opinion summaries and actuarial reports, as well as the regulatory analysis of these actuarial documents and loss and premium reserves:
    - 1. *Financial Analysis Handbook*.
    - 2. *Annual Statement Instructions—Property/Casualty*.
    - 3. Regulatory guidance to appointed actuaries and companies.
    - 4. Other financial blanks and instructions, as needed.
  - B. Based on language for the *Annual Statement Instructions – Property/Casualty* requiring completion of the appointed actuary's attestation of qualification, provide additional guidance in the 2019 regulatory guidance document.
- 3. The **Statistical Data (C) Working Group** will:
  - A. Consider updates and changes to the *Statistical Handbook of Data Available to Insurance Regulators*.
  - B. Consider updates and developments, provide technical assistance, and oversee the production of the following reports and databases. Periodically evaluate the demand and utility versus the costs of production of each product.
    - 1. *Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owners Insurance*.
    - 2. *Auto Insurance Database*.
    - 3. *Competition Database Report*.
    - 4. *Report on Profitability by Line by State*.

NAIC Support Staff: Kris DeFrain/Libby Quinn

## **SURPLUS LINES (C) TASK FORCE**

The mission of the Surplus Lines (C) Task Force is to monitor the surplus lines market and its operation and regulation, including the activity and financial condition of U.S. and non-U.S. surplus lines insurers by providing a forum for discussion of issues and to develop or amend relevant NAIC model laws, regulations and/or guidelines.

### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Surplus Lines (C) Task Force** will:
  - A. Provide a forum for discussion of current and emerging surplus lines-related issues and topics of public policy, and determine appropriate regulatory response and action.
  - B. Review and analyze quantitative and qualitative data on U.S. domestic and alien surplus lines industry results and trends.
  - C. Monitor federal legislation related to the surplus lines market, and ensure all interested parties remain apprised.
  - D. Oversee the activities of the Surplus Lines (C) Working Group.
  
2. The **Surplus Lines (C) Working Group** will:
  - A. Operate in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings and operate in open session when discussing surplus lines topics and policy issues, such as amendments to the International Insurers Department (IID) Plan of Operation.
  - B. Maintain the IID Plan of Operation and its requirements relating to standards for inclusion on the *Quarterly Listing of Alien Insurers* concerning capital and/or surplus funds, U.S. trust accounts and fitness of management, among other criteria.
  - C. Provide a forum for surplus lines-related discussion among jurisdictions.

NAIC Support Staff: Bob Schump/Andy Daleo

## **TITLE INSURANCE (C) TASK FORCE**

The mission of the Title Insurance (C) Task Force is to study issues related to title insurers and title insurance producers.

### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Title Insurance (C) Task Force** will:
  - A. Monitor issues and developments occurring in the title insurance industry, and provide support and expertise to other NAIC committees, task forces and/or working groups, or outside entities, as appropriate.
  - B. Review and assist various regulatory bodies in combating fraudulent and/or unfair real estate settlement activities. Such efforts could include working with the Antifraud (D) Task Force and other NAIC committees, task forces and/or working groups to combat mortgage fraud and mitigating title agent defalcations through the promotion of closing protection letters and other remedies. Report results at each national meeting.
  - C. Consult with the Consumer Financial Protection Bureau (CFPB) and other agencies responsible for information, education and disclosure for mortgage lending, closing and settlement services about the role of title insurance in the real estate transaction process.
  
2. The **Title Insurance Financial Reporting (C) Working Group** will:
  - A. Consider the effectiveness of recent changes in financial reporting by title insurance companies and identify further improvements and clarifications to blanks, instructions, Statement of Statutory Accounting Principles (SSAPs), solvency tools and other matters. Coordinate efforts with the Statutory Accounting Principles (E) Working Group.

NAIC Support Staff: Jennifer Gardner/Aaron Brandenburg

## WORKERS' COMPENSATION (C) TASK FORCE

The mission of the Workers' Compensation (C) Task Force is to study the nature and effectiveness of state approaches to workers' compensation and related issues, including, but not limited to: assigned risk plans; safety in the workplace; treatment of investment income in rating; occupational disease; cost containment; and the relevance of adopted NAIC model laws, regulations and/or guidelines pertaining to workers' compensation.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Workers' Compensation (C) Task Force** will:
  - A. Oversee activities of the NAIC/IAIABC Joint (C) Working Group.
  - B. Discuss issues with respect to advisory organizations and insurance companies in the workers' compensation arena.
  - C. Monitor the movement of business from the standard markets to the assigned risk pools. Alert state insurance department representatives if growth of the assigned risk pools changes dramatically.
  - D. Assist the NAIC/IAIABC Joint (C) Working Group in its efforts to update the 2009 white paper, *An Overview of Workers' Compensation Independent Contractor Regulatory Approaches*.
2. The **NAIC/IAIABC Joint (C) Working Group** will:
  - A. Study issues of mutual concern to insurance regulators and the International Association of Industrial Accident Boards and Commissions (IAIABC). Review relevant IAIABC model laws and white papers, and consider possible changes in light of the Working Group's recommendations.
  - B. Update the 2009 white paper, *An Overview of Workers' Compensation Independent Contractor Regulatory Approaches*.

NAIC Support Staff: Sara Robben/Aaron Brandenburg

## MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE

The mission of the Market Regulation and Consumer Affairs (D) Committee is to monitor all aspects of the market regulatory process for continuous improvement. This includes market analysis, regulatory interventions with companies and multi-jurisdictional collaboration. The Committee will also review and make recommendations regarding the underwriting and market practices of insurers and producers as those practices affect insurance consumers, including the availability and affordability of insurance.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Market Regulation and Consumer Affairs (D) Committee** will:
  - A. Monitor the centralized collection and storage of market conduct data, national analysis and reporting at the NAIC, including issues regarding the public availability of data.
  - B. Monitor and assess the current process for multi-jurisdictional market conduct activities and provide appropriate recommendations for enhancement, as necessary.
  - C. Evaluate all data currently collected in the NAIC Market Information Systems (MIS) and considered confidential to determine what, if any, can be made more widely available.
  - D. Oversee the activities of the Antifraud (D) Task Force.
  - E. Oversee the activities of the Market Information Systems (D) Task Force.
  - F. Oversee the activities of the Producer Licensing (D) Task Force.
  - G. Monitor the underwriting and market practices of insurers and producers, as well as conditions of insurance marketplaces, including urban markets, to identify specific market conduct issues of importance and concern. Hold public hearings on these issues at the NAIC national meetings, as appropriate.
  - H. In collaboration with other technical working groups, discuss and share best practices through public forums to address broad consumer concerns regarding personal insurance products.
  - I. Coordinate with the International Insurance Relations (G) Committee to develop input and submit comments to the International Association of Insurance Supervisors (IAIS) and/or other related groups on issues regarding market regulation concepts.
  - J. Coordinate with the Health Insurance and Managed Care (B) Committee to provide policy recommendations regarding uniform state enforcement of the federal Affordable Care Act (ACA).
2. The **Market Actions (D) Working Group** will:
  - A. Facilitate interstate communication and coordinate collaborative state regulatory actions.
3. The **Market Analysis Procedures (D) Working Group** will:
  - A. Recommend changes to the market analysis framework based on results over the past five years, including the current set of Level 1 and Level 2 questions. Provide recommendations by the Fall National Meeting.
  - B. Discuss other market data-collection issues and make recommendations, as necessary.
  - C. Consider recommendations for new lines of business for the Market Conduct Annual Statement (MCAS). Provide recommendations by the Fall National Meeting.
4. The **Market Conduct Annual Statement Blanks (D) Working Group** will:
  - A. Review the MCAS data elements and the “Data Call and Definitions” for all lines of business collected in the MCAS and update them, as necessary, by June 1, 2019.
  - B. Develop an MCAS blank to be used for the collection of data for additional lines of business, where appropriate, by June 1, 2019.
5. The **Market Conduct Examination Standards (D) Working Group** will:
  - A. Develop market conduct examination standards and uniform market conduct procedural guidance, as necessary.
  - B. Monitor the adoption and revision of NAIC models and develop market conduct examination standards to correspond with adopted NAIC models by the Fall National Meeting.
  - C. Develop updated standardized data requests for inclusion in the *Market Regulation Handbook* by the Fall National Meeting.

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

6. The **Market Regulation Certification (D) Working Group** will:
  - A. Develop a formal market regulation certification proposal for consideration by the NAIC membership that provides recommendations for the following: 1) certification standards; 2) a process for the state implementation of the standards; 3) a process to measure the states' compliance with the standards; 4) a process for future revisions to the standards; and 5) assistance for jurisdictions to achieve certification.

NAIC Support Staff: Timothy B. Mullen/Randy Helder



## **ANTIFRAUD (D) TASK FORCE**

The mission of the Antifraud (D) Task Force is to serve the public interest by assisting the state insurance supervisory officials, individually and collectively, through the detection, monitoring and appropriate referral for investigation of insurance crime, both by and against consumers. The Task Force will assist the insurance regulatory community by conducting the following activities: maintain and improve electronic databases regarding fraudulent insurance activities; disseminate the results of research and analysis of insurance fraud trends, as well as case-specific analysis, to the insurance regulatory community; and provide a liaison function between insurance regulators, law enforcement (federal, state, local and international) and other specific antifraud organizations. The Task Force also will serve as a liaison with the NAIC Information Technology Group (ITG) and other NAIC committees, task forces and/or working groups to develop technological solutions for data collection and information-sharing. The Task Force will monitor all aspects of antifraud activities by its working groups on the following charges.

### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Antifraud (D) Task Force** will:
  - A. Work with NAIC committees, task forces and working groups (e.g., Title Insurance (C) Task Force, etc.) to review issues and concerns related to fraud activities and schemes related to insurance fraud.
  - B. Coordinate efforts to address national concerns related to agent fraud and activities of unauthorized agents related to insurance sales.
  - C. Coordinate the enforcement and investigation efforts of state and federal securities regulators with state insurance fraud bureaus.
  - D. Coordinate with state, federal and international law enforcement agencies in addressing antifraud issues relating to the insurance industry.
  - E. Review and provide comments to the International Association of Insurance Supervisors (IAIS) on its Insurance Core Principles (ICPs) related to insurance fraud.
  - F. Coordinate activities and information from national antifraud organizations and provide information to state insurance fraud bureaus.
  - G. Coordinate activities and information with state and federal fraud divisions to determine guidelines that will assist with reciprocal involvement concerning antifraud issues resulting from natural disasters and catastrophes.
  - H. Coordinate with NAIC committees, task forces and working groups (e.g., Financial Condition (E) Committee, etc.) and provide recommendations for the development of a database to be created and maintained by the NAIC Securities Valuation Office (SVO) specific to tracking the fraudulent financial reporting for chief executive officers (CEO), directors and corporate officers.
  - I. Coordinate efforts with the insurance industry to address antifraud issues and concerns.
  - J. Evaluate and recommend methods to track national fraud trends.
2. The **Antifraud Education Enhancement (D) Working Group** will:
  - A. Develop seminars, trainings and webinars regarding insurance fraud providing. Provide three webinars by 2019 Fall National Meeting.
3. The **Antifraud Technology (D) Working Group** will:
  - A. Evaluate sources of antifraud data and propose methods for enhancing the utilization and exchange of information among insurance regulators, fraud investigative divisions, law enforcement officials, insurers and antifraud organizations by the 2019 Fall National Meeting.

NAIC Support Staff: Greg Welker/Lois E. Alexander

## **MARKET INFORMATION SYSTEMS (D) TASK FORCE**

The mission of the Market Information Systems (D) Task Force is to provide business expertise regarding the desired functionality of the NAIC Market Information Systems and the prioritization of regulatory requests for the development and enhancements of the NAIC Market Information Systems.

### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Market Information Systems (D) Task Force** will:
  - A. Ensure the NAIC Market Information Systems support the strategic direction set forth by the Market Regulation and Consumer Affairs (D) Committee.
  - B. Develop a plan for making public data collected in the NAIC Market Information Systems more meaningful and widely available by the 2019 Fall National Meeting.
  - C. Analyze the data in the NAIC Market Information Systems. If needed, recommend methods to ensure better data quality by the 2019 Summer National Meeting.
  - D. Provide guidance on appropriate use of the NAIC Market Information Systems and data entered in them.
    1. Complaint Database System (CDS).
    2. Electronic Forums.
    3. Market Actions Tracking System (MATS).
    4. Market Analysis Profile.
    5. Market Analysis Prioritization Tool (MAPT).
    6. Market Analysis Review System (MARS).
    7. Market Conduct Annual Statement (MCAS).
    8. Regulatory Information Retrieval System (RIRS).
    9. 1033 State Decision Repository (in conjunction with the Antifraud (D) Task Force).
2. The **Market Information Systems Research and Development (D) Working Group** will:
  - A. Serve as the business partner to review and prioritize submitted Uniform System Enhancement Request (USER) forms to ensure an efficient use of available NAIC staffing and resources.
  - B. Assist the Task Force with tasks as assigned, such as:
    1. Analyze NAIC Market Information Systems data.
    2. Provide state users with query access to NAIC Market Information Systems data.
    3. Provide guidance on appropriate use of the NAIC Market Information Systems.

NAIC Support Staff: Randy Helder/Ginny Ewing

## PRODUCER LICENSING (D) TASK FORCE

treatment of producer and adjuster licensees and licensing terminology; 2) monitor and respond to developments related to licensing reciprocity; 3) coordinate with industry and consumer groups regarding priorities for licensing reforms; and 4) provide direction based on NAIC membership initiatives to the National Insurance Producer Registry (NIPR) Board of Directors regarding the development and implementation of uniform producer licensing initiatives, with a primary emphasis on encouraging the use of electronic technology.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Producer Licensing (D) Task Force** will:

- A. Work closely with NIPR to encourage full utilization of NIPR products and services by all of the states and producers, and encourage accurate and timely reporting of state administrative actions to the NAIC's Regulatory Information Retrieval System (RIRS) to ensure this data is properly reflected in the State Producer Licensing Database (SPLD) and the Producer Database (PDB).
- B. Facilitate roundtable discussions, as needed, with the state producer licensing directors for the exchange of views, opinions and ideas on producer-licensing activities in the states and at the NAIC.
- C. Discuss, as necessary, state perspectives regarding the regulation and benefit of the activities of the federal Affordable Care Act (ACA) established enrollment assisters (including navigators and non-navigator assisters and certified application counselors) and the activities of producers in assisting individuals and businesses purchasing in the health insurance marketplaces. Coordinate with the Health Insurance and Managed Care (B) Committee and the Antifraud (D) Task Force, as necessary.
- D. Monitor the activities of the National Association of Registered Agents and Brokers (NARAB) in the development and enforcement of the NARAB membership rules, including the criteria for successfully passing a background check.
- E. Coordinate through NAIC staff to provide guidance to NIPR on producer licensing-related electronic initiatives. Hear a report from NIPR at each national meeting.
- F. Coordinate with the Market Information Systems (D) Task Force and the Antifraud (D) Task Force to evaluate and make recommendations regarding the entry, retention and use of data in the NAIC's Market Information Systems.
- G. Monitor state implementation of adjuster licensing reciprocity and uniformity; update, as necessary, NAIC adjuster licensing standards.
- H. Draft a white paper on the role of chatbots and artificial intelligence in the distribution of insurance and the regulatory supervision of these technologies.

2. The **Producer Licensing Uniformity (D) Working Group** will:

- A. Work closely with state producer licensing directors and exam vendors to ensure: 1) the states achieve full compliance with the standards in order to achieve greater uniformity; and 2) the exams test the qualifications for an entry-level position as a producer.
- B. Provide oversight and ongoing updates, as needed, to the *State Licensing Handbook*. Complete by the 2019 Fall National Meeting.
- C. Monitor and assess the state implementation of the Uniform Licensing Standards and update the standards, as needed. Complete by the 2019 Fall National Meeting.
- D. Review and update, as needed, the NAIC's uniform producer licensing applications and uniform appointment form. Provide any recommended updates to the Producer Licensing (D) Task Force by June 1.

3. The **Uniform Education (D) Working Group** will:

- A. Update, as needed, the reciprocity guidelines, the uniform application forms for continuing education (CE) providers, and the process for state review and approval of courses. Provide any recommended updates to the Producer Licensing (D) Task Force by the 2019 Fall National Meeting.
- B. Coordinate with NAIC parent committees, task forces and/or working groups to review and provide recommendations, as necessary, on prelicensing education and CE requirements that are included in NAIC model acts, regulations and/or standards.

NAIC Support Staff: Timothy D. Mullen/Greg Welker

## FINANCIAL CONDITION (E) COMMITTEE

The mission of the Financial Condition (E) Committee is to be the central forum and coordinator of solvency-related considerations of the NAIC relating to accounting practices and procedures; blanks; valuation of securities; financial analysis and solvency; multistate examinations and examiner training; and issues concerning insurer insolvencies and insolvency guarantees. In addition, the Committee interacts with the technical task forces.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Financial Condition (E) Committee** will:

- A. Monitor all of the changes to the annual/quarterly financial statement blanks and instructions, risk-based capital (RBC) formulas, *Financial Condition Examiners Handbook*, *Accounting Practices and Procedures Manual (AP&P Manual)*, *Financial Analysis Handbook*, *Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual)*, NAIC model laws, NAIC accreditation standards, and other NAIC publications.
- B. Appoint and oversee the activities of the following: Accounting Practices and Procedures (E) Task Force; Capital Adequacy (E) Task Force; Examination Oversight (E) Task Force; Long-Term Care Insurance (B/E) Task Force; Receivership and Insolvency (E) Task Force; Reinsurance (E) Task Force; Risk Retention Group (E) Task Force; and Valuation of Securities (E) Task Force.
- C. Recommend salary rate adjustments for examiners.
- D. Oversee a process to address financial issues that may compromise the consistency and uniformity of the U.S. solvency framework, referring valuation and other issues to the appropriate committees as needed.
- E. Use the Risk-Focused Surveillance (E) Working Group to address specific industry concerns regarding regulatory redundancy and review any issues industry subsequently escalates to the Committee.

2. The **Financial Analysis (E) Working Group** will:

- A. Analyze nationally significant insurers and groups that exhibit characteristics of trending toward or being financially troubled; determine if appropriate action is being taken.
- B. Interact with domiciliary regulators and lead states to assist and advise as to what might be the most appropriate regulatory strategies, methods and action(s).
- C. Support, encourage, promote and coordinate multistate efforts in addressing solvency problems, including identifying adverse industry trends.
- D. Increase information-sharing and coordination between state regulators and federal authorities, including through representation of state regulators in national bodies with responsibilities for system-wide oversight.

3. The **Group Capital Calculation (E) Working Group** will:

- A. Construct a U.S. group capital calculation using a risk-based capital (RBC) aggregation methodology; liaise as necessary with the ComFrame Development and Analysis (G) Working Group on international capital developments and consider group capital developments by the Federal Reserve Board, both of which may help inform the construction of a U.S. group capital calculation.

4. The **Group Solvency Issues (E) Working Group** will:

- A. Continue to develop potential enhancements to the current regulatory solvency system as it relates to group-solvency-related issues.
- B. Critically review and provide input and drafting to the International Association of Insurance Supervisors (IAIS), Insurance Groups Working Group or on other IAIS papers dealing with group supervision issues.
- C. Continually review and monitor the effectiveness of the *Insurance Holding Company System Regulatory Act (#440)* and the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions (#450)* and consider revisions as necessary to maintain effective oversight of insurance groups

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

5. The **ORSA Implementation (E) Subgroup** of the Group Solvency Issues (E) Working Group will:
  - A. Continue to provide and enhance an enterprise risk management (ERM) education program for regulators in support of the Own Risk and Solvency Assessment (ORSA) implementation.
  - B. Continually review and monitor the effectiveness of the *Risk Management and Own Risk and Solvency Assessment Model Act* (#505) and its corresponding *NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual*; consider revisions as necessary.
6. The **Mortgage Guaranty Insurance (E) Working Group** will:
  - A. Develop changes to the *Mortgage Guaranty Insurance Model Act* (#630) and other areas of the solvency regulation of mortgage guaranty insurers, including, but not limited to, revisions to *Statement of Statutory Accounting Principles (SSAP) No. 58—Mortgage Guaranty Insurance* and develop an extensive mortgage guaranty supplemental filing. Oversee the work of the consultant on the testing and finalization of proposed risk-based mortgage guaranty capital model and finalize Model #630 by the 2019 Summer National Meeting.
7. The **NAIC/AICPA (E) Working Group** will:
  - A. Continually review the *Annual Financial Reporting Model Regulation* (#205) and its corresponding implementation guide; revise as appropriate.
  - B. Address financial solvency issues by working with the American Institute of Certified Public Accountants (AICPA) and responding to AICPA exposure drafts.
  - C. Monitor the federal Sarbanes-Oxley Act, as well as rules and regulations promulgated by the U.S. Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB) and other financial services regulatory entities.
  - D. Review annually the premium threshold amount included in Section 16 of Model #205, with the general intent that those insurers subject to the Section 16 requirements would capture at least approximately 90% of industry premium and/or in response to any future regulatory or market developments.
8. The **National Treatment and Coordination (E) Working Group** will:
  - A. Increase utilization and implementation of the *Company Licensing Best Practices Handbook*.
  - B. Encourage synergies between corporate changes/amendments and rate and form filing review and approval to improve efficiency.
  - C. Continue to monitor the usage and make necessary enhancements to the Form A Database.
  - D. Maintain educational courses in the existing NAIC Insurance Regulator Professional Designation Program for company licensing regulators.
9. The **Biographical Third-Party Review (E) Subgroup** of the National Treatment and Coordination (E) Working Group will:
  - A. Increase the uniformity of the third-party vendors that prepare background investigative reports to those state insurance departments that require them. Reduce the inefficiency of applications by developing procedures and approval processes.
  - B. Monitor the ongoing adherence of background investigation reports and third-party vendors.
  - C. Encourage uniformity of requirements in relation to individuals' fitness and propriety and the company's responsibility in notifying state insurance departments of concerns or changes to key individuals.

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

10. The **Risk-Focused Surveillance (E) Working Group** will:
  - A. Continually review the effectiveness of risk-focused surveillance and develop enhancements to processes as necessary.
  - B. Continually review regulatory redundancy issues identified by interested parties and provide recommendations to other NAIC committee groups to address as needed.
  - C. Oversee and monitor the Peer Review Program to encourage consistent and effective risk-focused surveillance processes.
  - D. Consider recommendations to the Financial Regulation Standards and Accreditation (F) Committee for the purpose of evaluating the suitability of insurance department staffing in relation to the necessary skill sets. Complete by the 2019 Fall National Meeting.
  - E. Continually maintain and update standardized job descriptions/requirements for common solvency monitoring positions to assist insurance departments in attracting and maintaining suitable staff.
  - F. Review the *Financial Condition Examiners Handbook* salary and per diem guidelines to determine the applicability, value and use to the states; consider alternative approaches based on current financial solvency responsibilities. Complete by the 2019 Fall National Meeting.
  
11. The **Valuation Analysis (E) Working Group** will:
  - A. Respond to states in a confidential forum regarding questions and issues arising during the course of annual principle-based reserving (PBR) reviews or PBR examination and which also may include consideration of asset adequacy analysis questions and issues.
  - B. Work with NAIC resources to assist in prioritizing and responding to issues and questions regarding PBR and asset adequacy analysis including actuarial guidelines or other requirements making use of or relating to PBR such as *Actuarial Guideline XXXVIII—The Application of the Valuation of Life Insurance Policies Model Regulation* (AG 38), *Actuarial Guideline XLVIII—Actuarial Opinion and Memorandum Requirements for the Reinsurance of Policies Required to be Valued Under Sections 6 and 7 of the NAIC Valuation of Life Insurance Policies Model Regulation* (AG 48), and the *Term and Universal Life Insurance Reserve Financing Model Regulation* (#787).
  - C. Develop and implement a plan with NAIC resources to identify outliers/concerns regarding PBR/asset adequacy analysis.
  - D. Refer questions/issues as appropriate to the Life Actuarial (A) Task Force that may require consideration of changes/interpretations to be provided in the *Valuation Manual*.
  - E. Assist NAIC resources in development of a standard asset/liability model portfolio used to calibrate company PBR models.
  - F. Make referrals as appropriate to the Financial Analysis (E) Working Group.
  - G. Perform other work to carry out the Valuation Analysis (E) Working Group procedures.
  
12. The **Variable Annuities Issues (E) Working Group** will:
  - A. Oversee the NAIC's efforts to study and address, as appropriate, regulatory issues resulting in variable annuity captive reinsurance transactions.

NAIC Support Staff: Dan Daveline/Julie Gann/Bruce Jenson

## ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE

The mission of the Accounting Practices and Procedures (E) Task Force is to identify, investigate and develop solutions to accounting problems with the ultimate goal of guiding insurers in properly accounting for various aspects of their operations; modify the *Accounting Practices and Procedures Manual* (AP&P Manual) to reflect changes necessitated by Task Force action; and study innovative insurer accounting practices that affect the ability of state insurance regulators to determine the true financial condition of insurers.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Accounting Practices and Procedures (E) Task Force** will:
  - A. Oversee the activities of the Blanks (E) Working Group and the Statutory Accounting Principles (E) Working Group.
2. The **Blanks (E) Working Group** will:
  - A. Consider improvements and revisions to the various annual/quarterly statement blanks to:
    1. Conform these blanks to changes made in other areas of the NAIC to promote uniformity in reporting of financial information by insurers.
    2. Develop reporting formats for other entities subject to the jurisdiction of state insurance departments.
    3. Conform the various NAIC blanks and instructions to adopted NAIC policy.
    4. Oversee the development of additional reporting formats within the existing annual financial statements as needs are identified.
  - B. Continue to monitor state filing checklists to maintain current filing requirements.
  - C. Continue to monitor and improve the quality of financial data filed by insurance companies by recommending improved or additional language for the *Annual Statement Instructions*.
  - D. Continue to monitor and review all proposals necessary for the implementation of statutory accounting guidance to ensure proper implementation of any action taken by the Accounting Practices and Procedures (E) Task Force affecting annual financial statements and/or instructions.
  - E. Continue to coordinate with other task forces of the NAIC to ensure proper implementation of reporting and instructions changes as proposed by these task forces.
  - F. Coordinate with the Life Actuarial (A) Task Force to use any special reports developed and avoid duplication of reporting.
  - G. Review requests for investment schedule blanks and instructions changes in connection with the work being performed by the Investment Risk-Based Capital (E) Working Group.
  - H. Review changes requested by the Valuation of Securities (E) Task Force relating to its work on other invested assets reporting for technical consistency within the investment reporting schedules and instructions.

## ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE *(continued)*

3. The **Statutory Accounting Principles (E) Working Group** will:
  - A. Maintain codified statutory accounting principles by providing periodic updates to the guidance that address new statutory issues and new generally accepted accounting principles (GAAP) pronouncements. Provide authoritative responses to questions of application and clarifications for existing statutory accounting principles. Report all actions and provide updates to the Accounting Practices and Procedures (E) Task Force.
  - B. At the discretion of the Working Group chair, develop comments on exposed GAAP and International Financial Reporting Standards (IFRS) pronouncements affecting financial accounting and reporting. Any comments are subject to review and approval by the chairs of the Accounting Practices and Procedures (E) Task Force and the Financial Condition (E) Committee.
  - C. Coordinate with the Life Actuarial (A) Task Force on changes to the *Accounting Practices and Procedures Manual* (AP&P Manual) related to the *Valuation Manual VM-A*, Requirements, and VM-C, Actuarial Guidelines, as well as other *Valuation Manual* requirements. This process will include the receipt of periodic reports on changes to the *Valuation Manual* on items that require coordination.
  - D. Obtain, analyze and review information on permitted practices, prescribed practices or other accounting treatments suggesting that issues or trends occurring within the industry may compromise the consistency and uniformity of statutory accounting, including, but not limited to, activities conducted by insurers for which there is currently no statutory accounting guidance or where the states have prescribed statutory accounting that differs from the guidance issued by the NAIC. Use this information to consider possible changes to statutory accounting.
  - E. Develop specific statutory accounting guidance for certain limited derivative contracts hedging variable annuity guarantees, subject to fluctuations as a result of interest rate sensitivity, reserved for in accordance with *Actuarial Guideline XLIII—CARVM for Variable Annuities* (AG 43). This guidance shall place an emphasis on reducing non-economic surplus volatility for these specific hedges in situations where strong risk management is in place, with safeguards to ensure appropriate financial statement presentation and disclosures, sufficient transparency, and regulatory oversight. This charge shall be a high priority, with the earliest effective date feasible that allows for adequate development of guidance and related reporting schedules. Complete by the 2019 Summer National Meeting
  - F. Consider whether current or future changes to reserves resulting from implementation of the Variable Annuities Framework will be reported in the annual financial statement as a “change in basis.” Complete by the 2019 Summer National Meeting
  - G. Review and possibly modify Schedule F and any corresponding annual financial statement pages to determine how best to reflect the expected changes to the *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786). Give due consideration to alternatives, including whether an allowance for doubtful accounts is appropriate. Complete by the 2020 Fall National Meeting.
  - H. Develop a model guideline that represents narrowly defined statutory language the states may use in removing the limitations that may exist within their investment statutes that may otherwise limit the extent of hedges an insurer may use in its risk management. Complete by the 2019 Fall National Meeting.

NAIC Support Staff: Robin Marcotte



## CAPITAL ADEQUACY (E) TASK FORCE

The mission of the Capital Adequacy (E) Task Force is to evaluate and recommend appropriate refinements to capital requirements for all types of insurers.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Capital Adequacy (E) Task Force** will:
  - A. Evaluate emerging “risk” issues for referral to the risk-based capital (RBC) working groups/subgroups for certain issues involving more than one RBC formula. Monitor emerging and existing risks relative to their consistent or divergent treatment in the three RBC formulas.
  - B. Review and evaluate company submissions for the schedule and corresponding adjustment to total adjusted capital (TAC).
  - C. Review and possibly modify the life and health RBC formulas specific to reinsurance credit risk charges to be based on the financial strength of the reinsurer consistent with the property/casualty (P/C) RBC formula, giving due consideration to public default experience and current factors used by credit rating agencies. Consider also whether adjustments are needed to the P/C RBC formula to consider such information relative to non-rated reinsurers. Complete by the 2020 Fall National Meeting.
2. The **Health Risk-Based Capital (E) Working Group, Life Risk-Based Capital (E) Working Group and Property and Casualty Risk-Based Capital (E) Working Group** will:
  - A. Evaluate refinements to the existing NAIC risk-based capital (RBC) formulas implemented in the prior year. Forward the final version of the structure of the current year life, property/casualty (P/C), health and fraternal RBC formulas to the Financial Condition (E) Committee by June.
  - B. Consider improvements and revisions to the various RBC blanks to: 1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity; and 2) oversee the development of additional reporting formats within the existing RBC blanks as needs are identified. Any proposal that affects the RBC structure must be adopted no later than April 30 in the year of the change, and adopted changes will be forwarded to the Financial Condition (E) Committee by the next scheduled meeting or conference call. Any adoptions made to the annual financial statement blanks or statutory accounting principles that affect an RBC change adopted by April 30 and results in an amended change may be considered by July 30 for those exceptions where the Capital Adequacy (E) Task Force votes to pursue by super-majority (two-thirds) consent of members present, no later than June 30 for the current reporting year.
  - C. Monitor changes in accounting and reporting requirements resulting from the adoption and continuing maintenance of the revised *Accounting Practices and Procedures Manual* (AP&P Manual) to ensure that model laws, publications, formulas, analysis tools, etc., supported by the Task Force continue to meet regulatory objectives.
  - D. Review the effectiveness of the NAIC’s RBC policies and procedures as they affect the accuracy, audit ability, timeliness of reporting access to RBC results and comparability between the RBC formulas. Report on data quality problems in the prior year RBC filings at the summer and fall national meetings.
3. The **Investment Risk-Based Capital (E) Working Group** will:
  - A. Evaluate relevant historical data and apply defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to the current asset risk structure and factors in each of the risk-based capital (RBC) formulas and delivering those recommendations to the Capital Adequacy (E) Task Force.

**CAPITAL ADEQUACY (E) TASK FORCE** *(continued)*

4. The **Operational Risk (E) Subgroup** will:
  - A. Evaluate growth-related operational risk for life risk-based capital (RBC) and health RBC. Any recommendations for remaining work on growth risk will be referred to the Life Risk-Based Capital (E) Working Group and/or the Health Risk-Based Capital (E) Working Group, after which the Subgroup will be disbanded. Complete by the 2019 Spring National Meeting.
  
5. The **Variable Annuities Capital and Reserve (E) Subgroup** will:
  - A. Develop and recommend changes to C-3 Phase II, *Actuarial Guideline XLIII—CARVM for Variable Annuities* (AG 43) and VM-21, Requirements for Principle-Based Reserves for Variable Annuities, that implement the Variable Annuities Framework. Complete by the 2019 Summer National Meeting.
  
6. The **Longevity Risk (A/E) Subgroup** of the Life Actuarial (A) Task Force and the Life Risk-Based Capital (E) Working Group will:
  - A. Provide recommendations for recognizing longevity risk in statutory reserves and/or risk-based capital (RBC), as appropriate. Complete by the 2019 Spring National Meeting.
  
7. The **Catastrophe Risk (E) Subgroup** of the Property and Casualty Risk-Based Capital (E) Working Group will:
  - A. Recalculate the premium risk factors on an ex-catastrophe basis, if needed.
  - B. Continue to update the U.S. and non-U.S. catastrophe event list.
  - C. Continue to evaluate the need for exemption criteria for insurers with minimal risk.
  - D. Evaluate the risk-based capital (RBC) results inclusive of a catastrophe risk charge.
  - E. Refine instructions for the catastrophe risk charge.
  - F. Continue to evaluate any necessary refinements to the catastrophe risk formula.
  - G. Evaluate other catastrophe risks for possible inclusion in the charge.

NAIC Support Staff: Jane Barr

## **LONG-TERM CARE INSURANCE (B/E) TASK FORCE**

### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Long-Term Care Insurance (B/E) Task Force** of the Health Insurance and Managed Care (B) Committee and Financial Condition (E) Committee will:
  - A. Coordinate all aspects of the NAIC's work regarding the long-term care insurance (LTCI) market. In addition to coordinating all current Health Insurance and Managed Care (B) Committee and Financial Condition (E) Committee projects, the Task Force should pursue the following general objectives:
    1. Evaluate the sufficiency of actuarial valuation standards. Complete by the 2019 Spring National Meeting.
    2. Evaluate the sufficiency of current financial reporting. Complete by the 2019 Fall National Meeting
    3. Assess state activities regarding the regulatory considerations on rate increase requests on blocks and to identify common elements for achieving greater transparency and predictability.
    4. Consider product innovations and the development of potential state and federal solutions for stabilizing the LTCI market. Complete by the 2019 Fall National Meeting.
    5. Provide periodic reports to the Health Insurance and Managed Care (B) Committee and the Financial Condition (E) Committee, as well as the Executive (EX) Committee, regarding key issues and progress toward the general objectives set forth above. Conduct meetings in regulator-to-regulator session, as appropriate.

NAIC Support Staff: Dan Daveline/Jolie Matthews

## EXAMINATION OVERSIGHT (E) TASK FORCE

The mission of the Examination Oversight (E) Task Force is to monitor, develop and implement tools for the risk-focused surveillance process. For financial examinations and analysis, this includes maintenance of the *Financial Condition Examiners Handbook* and the *Financial Analysis Handbook* to provide guidance to examiners and analysts using a risk- focused approach to solvency regulation and to encourage effective communication and coordination between examiners, analysts and other regulators. In addition, the mission of the Task Force is to: monitor and refine regulatory tools of the risk- focused surveillance process, including Financial Analysis Solvency Tools (FAST) such as company profiles and the FAST ratio scoring system; oversee the Analyst Team Project; oversee financial examiner and analyst use of electronic software tools; monitor the progress of coordination efforts among the states in conducting examinations and the sharing of information necessary to solvency monitoring; establish procedures for the flow of information between the states about troubled companies; maintain an effective approach to the review of information technology (IT) general controls; and monitor the timeliness of financial examinations.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Examination Oversight (E) Task Force** will:
  - A. Accomplish its mission using the following groups:
    1. Electronic Workpaper (E) Working Group.
    2. Financial Analysis Solvency Tools (E) Working Group.
    3. Financial Examiners Coordination (E) Working Group.
    4. Financial Examiners Handbook (E) Technical Group.
    5. IT Examination (E) Working Group.
2. The **Electronic Workpaper (E) Working Group** will:
  - A. Monitor and support the state insurance departments in using electronic workpaper software tools to conduct and document solvency monitoring activities.
  - B. Provide ongoing oversight to the NAIC's Electronic Workpaper Hosting Project.
  - C. Develop a framework to meet the long-term needs of regulators in using electronic workpapers to conduct and document solvency monitoring activities.
3. The **Financial Analysis Solvency Tools (E) Working Group** will:
  - A. Provide ongoing maintenance and enhancements to the *Financial Analysis Handbook* and related applications for changes to the NAIC annual/quarterly financial statement blanks, as well as enhancements developed to assist in the risk-focused analysis and monitoring of the financial condition of insurance companies and groups. Monitor the coordination of analysis activities of holding company groups, and coordinate and analyze input received from other state regulators.
  - B. Provide ongoing development maintenance and enhancements to the automated financial solvency tools developed to assist in conducting risk-focused analysis and monitoring the financial condition of insurance companies and groups. Prioritize and perform analysis to ensure that the tools remain reliable and accurate.
  - C. Coordinate with the Financial Examiners Handbook (E) Technical Group and the Risk-Focused Surveillance (E) Working Group, as appropriate, to develop and maintain guidance in order to provide effective solvency monitoring.
  - D. In compliance with the framework developed by the former PBR Review (EX) Working Group:
    1. Continue to provide advice to regulators, identifying and judging risk, establishing appropriate procedures, identifying frequency of model reviews, and documenting best practices. Address all risks, financial and non- financial; e.g., enterprise risk management (ERM), board, corporate governance and the Own Risk and Solvency Assessment (ORSA).
    2. Continue to adjust the *Financial Analysis Handbook* and current financial analysis solvency tools for life insurance companies based on any recommendations as requested from the Life Actuarial (A) Task Force to incorporate principle-based reserving (PBR) changes.

## EXAMINATION OVERSIGHT (E) TASK FORCE *(continued)*

4. The **Financial Examiners Coordination (E) Working Group** will:
  - A. Develop enhancements that encourage the coordination of examination activities with regard to holding company groups.
  - B. Promote coordination by assisting and advising domiciliary regulators and exam coordinating states as to what might be the most appropriate regulatory strategies, methods and actions regarding financial examinations of holding company groups.
  - C. Facilitate communication among regulators regarding common practices and issues arising from coordinating examination efforts.
  - D. Provide ongoing maintenance and enhancements to the Financial Examination Electronic Tracking System (FEETS).
  
5. The **Financial Examiners Handbook (E) Technical Group** will:
  - A. Continually review the *Financial Condition Examiners Handbook* and revise, as appropriate.
  - B. Coordinate with the Risk-Focused Surveillance (E) Working Group to monitor the implementation of the risk- assessment process by developing additional guidance and exhibits within the *Financial Condition Examiners Handbook*, including consideration of potential redundancies affected by the examination process, corporate governance and other guidance as needed to assist examiners in completing financial condition examinations.
  - C. Coordinate with the Financial Analysis Handbook (E) Working Group and the Risk-Focused Surveillance (E) Working Group, as appropriate, to develop and maintain guidance in order to provide effective solvency monitoring.
  - D. Coordinate with the IT Examination (E) Working Group and the Financial Examiners Coordination (E) Working Group to maintain specialized areas of guidance within the *Financial Condition Examiners Handbook* related to the charges of these specific working groups.
  - E. In compliance with the framework developed by the former PBR Review (EX) Working Group:
    1. Continue to provide advice to regulators, identifying and judging risk, building repositories, evaluating controls, determining the extent of data quality testing (by actuaries and examiners), identifying frequency of model reviews and documenting best practices. Address all risks, financial and non-financial; e.g., enterprise risk management (ERM), board, corporate governance and the Own Risk and Solvency Assessment (ORSA).
    2. Continue to adjust the *Financial Condition Examiners Handbook* based upon any recommendations as requested from the Life Actuarial (A) Task Force to incorporate principle-based reserving (PBR) changes.
  
6. The **IT Examination (E) Working Group** will:
  - A. Continually review and revise, as needed, the “General Information Technology Review” and “Exhibit C— Evaluation of Controls in Information Systems” sections of the *Financial Condition Examiners Handbook*.
  - B. Coordinate with the Market Conduct Examination Standards (D) Working Group to assist in the development of regulatory oversight policy with respect to cybersecurity examination issues, as requested by the Innovation and Technology (EX) Task Force.

NAIC Support Staff: Miguel Romero

## RECEIVERSHIP AND INSOLVENCY (E) TASK FORCE

The mission of the Receivership and Insolvency (E) Task Force shall be administrative and substantive as it relates to issues concerning insurer insolvencies and insolvency guarantees. Such duties include, without limitation, monitoring the effectiveness and performance of state administration of receiverships and the state guaranty fund system; coordinating cooperation and communication among regulators, receivers and guaranty funds; monitoring ongoing receiverships and reporting on such receiverships to NAIC members; developing and providing educational and training programs in the area of insurer insolvencies and insolvency guarantees to regulators, professionals and consumers; developing and monitoring relevant model laws, guidelines and products; and providing resources for regulators and professionals to promote efficient operations of receiverships and guaranty funds.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Receivership and Insolvency (E) Task Force** will:
  - A. Monitor and promote efficient operations of receiverships and guaranty funds.
  - B. Monitor and promote state adoption of receivership related model acts and regulations.
  - C. Provide input and comments to the International Association of Insurance Supervisors (IAIS), the Financial Stability Board (FSB) or other related groups on issues regarding international resolution authority.
  - D. Monitor, review and provide input on federal rulemaking and studies related to insurance receivership.
  - E. Provide ongoing maintenance and enhancements to the *Receiver's Handbook for Insurance Company Insolvencies*, other related NAIC publications and the Global Receivership Information Database (GRID).
  - F. Monitor the work of other NAIC committees, task forces and working groups to identify and address any issues that affect receivership law and/or regulatory guidance.
  - G. Perform additional work as directed by the Financial Condition (E) Committee and/or received through referral by other groups.
  - H. Monitor Federal Home Loan Bank (FHLB) legislation pending in and enacted by the states, and the impact on insurance companies in those states.
2. The **Receivership Financial Analysis (E) Working Group** will:
  - A. Monitor nationally significant insurers/groups within receivership to support, encourage, promote and coordinate multistate efforts in addressing problems. This will include interacting with the Financial Analysis (E) Working Group, domiciliary regulators and lead states to assist and advise as to what might be the most appropriate regulatory strategies, methods and/or action(s) with regard to the receiverships.
3. The **Receivership Model Law (E) Working Group** will:
  - A. Review and provide recommendations on any issues identified that may affect receivership model laws; for example, any issues that arise as a result of market conditions, insurer insolvencies, federal rulemaking and studies, international resolution initiatives or as a result of the work performed by other NAIC committees, task forces and/or working groups.
  - B. Monitor, and provide recommendations for possible enhancements to the U.S. receivership regime and the states' receivership laws and practices based on, international supervisory and advisory developments regarding recovery, resolution, receivership and liquidation, including, but not limited to, the Financial Stability Board's (FSB) *Key Attributes of Effective Resolution Regimes for Financial Institutions (KA)* and *Assessment Methodology (AM)* and the International Association of Insurance Supervisors' (IAIS) Insurance Core Principles (ICPs) and its Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) (particularly ICP 10, Preventive and Corrective Measures and ICP 12, Winding up and Exit from the Market, as well as related ComFrame materials). Complete by the 2019 Fall National Meeting.

**RECEIVERSHIP AND INSOLVENCY (E) TASK FORCE *(continued)***

4. The **Receivership Large Deductible Workers' Compensation (E) Working Group** will:
  - A. Perform work based on recommendations for possible enhancements to the U.S. receivership regime, as approved and directed by the Receivership and Insolvency (E) Task Force, resulting from a study of the states' receivership laws and practices related to the receivership of insurers with significant books of large deductible workers' compensation business. Complete by the 2019 Fall National Meeting.

NAIC Support Staff: Jane Koenigsman

## REINSURANCE (E) TASK FORCE

The mission of the Reinsurance (E) Task Force is to monitor and coordinate activities and areas of interest, which overlap to some extent the charges of other NAIC groups—specifically, the International Insurance Relations (G) Committee.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Reinsurance (E) Task Force** will:
  - A. Provide a forum for the consideration of reinsurance-related issues of public policy.
  - B. Oversee the activities of the Reinsurance Financial Analysis (E) Working Group.
  - C. Oversee the activities of the Qualified Jurisdiction (E) Working Group.
  - D. Monitor the implementation of the 2011 and 2016 revisions to the *Credit for Reinsurance Model Law* (#785), the 2011 revisions to the *Credit for Reinsurance Model Regulation* (#786), and the *Term and Universal Life Insurance Reserve Financing Model Regulation* (#787).
  - E. Communicate and coordinate with the Federal Insurance Office (FIO) and other federal authorities on matters pertaining to reinsurance.
  - F. Consider any other issues related to the revised Model #785, Model #786 and Model#787.
  - G. Monitor the development of international principles, standards and guidance with respect to reinsurance. This includes, but is not limited to, monitoring the activities of various groups within the International Association of Insurance Supervisors (IAIS), including the Reinsurance and Other Forms of Risk Transfer Subcommittee, the Reinsurance Mutual Recognition Subgroup and the Reinsurance Transparency Group.
  - H. Consider the impact of reinsurance-related federal legislation, including, but not limited to, the federal Nonadmitted and Reinsurance Reform Act (NRRRA) and the Federal Insurance Office Act, and coordinate any appropriate NAIC action.
  - I. Consider the impact of reinsurance-related international agreements, including the “Bilateral Agreement Between the European Union and U.S. on Prudential Measures Regarding Insurance and Reinsurance” (Bilateral Agreement).
  - J. The Reinsurance (E) Task Force is directed to develop revisions to Model #785 and Model #786 to conform to the terms of the Bilateral Agreement.
  - K. The Reinsurance (E) Task Force is directed to develop revisions to Model #785 and Model #786 to allow reinsurers domiciled in NAIC qualified jurisdictions other than within the European Union (EU) to realize reinsurance collateral requirements similar to those provided under the Bilateral Agreement under specified circumstances. In order for an insurer domiciled in a qualified jurisdiction outside of the EU to receive the same collateral requirement treatment as provided to EU-domiciled reinsurers, that non-EU qualified jurisdiction must agree to adhere to all other standards imposed upon the EU in the Bilateral Agreement, including the requirement that the qualified jurisdiction must agree to recognize the states’ approach to group supervision, including group capital. As part of its deliberations, the Task Force should consult with international regulators, in addition to all other interested parties.
  - L. The Reinsurance (E) Task Force is directed to develop revisions to Model #785 and Model #786 to address the effect of a breach of the Bilateral Agreement (as determined pursuant to its terms) on a reinsurer’s collateral obligations and the effect of a failure of a non-EU qualified jurisdiction to meet the standards imposed by its agreement or acknowledgment to adhere to the terms of the Bilateral Agreement and/or the model law and regulation.
  - M. In conjunction with any revisions to Model #785 and Model #786, the Qualified Jurisdiction (E) Working Group is directed to consider changes to the *Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions* to require that qualified jurisdictions recognize key NAIC solvency initiatives, including group supervision and group capital standards, as well as require strengthening of the information-sharing requirements between the states and qualified jurisdictions, in order for reinsurers domiciled in qualified jurisdictions to receive similar treatment to EU reinsurers under the Bilateral Agreement, and processes of removal of qualified jurisdiction status in the event of a breach.



## REINSURANCE (E) TASK FORCE *(continued)*

2. The **Reinsurance Financial Analysis (E) Working Group** will:
  - A. Operate in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings and operate in open session when discussing certified reinsurance topics and policy issues, such as amendments to the Uniform Application for Certified Reinsurers.
  - B. Provide advisory support and assistance to states in the review of reinsurance collateral reduction applications. Such a process with respect to the review of applications for reinsurance collateral reduction and qualified jurisdictions should strengthen state regulation and prevent regulatory arbitrage.
  - C. Provide a forum for discussion among NAIC jurisdictions of reinsurance issues related to specific companies, entities or individuals.
  - D. Support, encourage, promote and coordinate multistate efforts in addressing issues related to certified reinsurers, including, but not limited to, multistate recognition of certified reinsurers.
  - E. Provide analytical expertise and support to the states with respect to certified reinsurers and applicants for certification.
  - F. Interact with domiciliary regulators of ceding insurers and certifying states to assist and advise on the most appropriate regulatory strategies, methods and actions with respect to certified reinsurers.
  - G. Provide guidance and expertise on regulatory policy and practices with respect to certified reinsurers.
  - H. Provide advisory support with respect to issues related to the determination of qualified jurisdictions.
  - I. Monitor the public passporting website and provide recommendations to the Task Force if amendments are required.
  - J. Consider changes in its current methods of monitoring certified reinsurers domiciled in qualified jurisdictions to incorporate changes to state reinsurance collateral requirements caused by the “Bilateral Agreement Between the United States of America and the European Union (EU) on Prudential Measures Regarding Insurance and Reinsurance” (Bilateral Agreement) and any changes to the *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786) to provide similar treatment to reinsurers domiciled in qualified jurisdictions. Complete by the 2019 Fall National Meeting.
  
3. The **Qualified Jurisdiction (E) Working Group** will:
  - A. Develop and maintain the NAIC List of Qualified Jurisdictions in accordance with the *Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions*.
  - B. In conjunction with any revisions to the *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786), the Working Group is directed to consider changes to the *Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions* to require that qualified jurisdictions recognize key NAIC solvency initiatives, including group supervision and group capital standards, as well as require strengthening of the information-sharing requirements between the states and qualified jurisdictions, in order for reinsurers domiciled in qualified jurisdictions to receive similar treatment to European Union (EU) reinsurers under the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (Bilateral Agreement), and processes of removal of qualified jurisdiction status in the event of a breach.

NAIC Support Staff: Jake Stultz/Dan Schelp

## **RISK RETENTION GROUP (E) TASK FORCE**

The mission of the Risk Retention Group (E) Task Force is to stay apprised of the work of other NAIC groups as it relates to financial solvency regulation and the NAIC Financial Regulation Standards and Accreditation Program. The Task Force may make referrals to the Financial Regulation Standards and Accreditation (F) Committee and/or other NAIC groups, as deemed appropriate.

### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Risk Retention Group (E) Task Force** will:
  - A. Monitor and evaluate the work of other NAIC committees, task forces and working groups related to risk retention groups (RRGs). Specifically, if any of these changes affect the NAIC Financial Regulation and Accreditation Standards Program, assess whether and/or how the changes should apply to RRGs and their affiliates.
  - B. Monitor and analyze federal actions, including any U.S. Government Accountability Office (GAO) reports. Consider any action necessary as a result of federal activity.

NAIC Support Staff: Becky Meyer

## VALUATION OF SECURITIES (E) TASK FORCE

The mission of the Valuation of Securities (E) Task Force is to provide regulatory leadership and expertise to establish and maintain all aspects of the NAIC's credit assessment process for insurer-owned securities, as well as produce insightful and actionable research and analysis regarding insurer investments.

### Ongoing Support of NAIC Programs, Products or Services

1. The **Valuation of Securities (E) Task Force** will:
  - A. Review and monitor the operations of the NAIC Securities Valuation Office (SVO) and the NAIC Structured Securities Group (SSG) to ensure they continue to reflect regulatory objectives.
  - B. Maintain and revise the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to provide solutions to investment-related regulatory issues for existing or anticipated investments.
  - C. Monitor changes in accounting and reporting requirements resulting from the continuing maintenance of the *Accounting Practices and Procedures Manual*, as well as financial statement blanks and instructions, to ensure that the P&P Manual continues to reflect regulatory needs and objectives.
  - D. Consider whether improvements should be suggested to the measurement, reporting and evaluation of invested assets by the NAIC as the result of: 1) newly identified types of invested assets; 2) newly identified investment risks within existing invested asset types; or 3) elevated concerns regarding previously identified investment risks.
  - E. Identify potential improvements to the credit filing process, including formats and electronic system enhancements.
  - F. Provide effective direction to the NAIC's mortgage-backed securities modeling firms and consultants.
  - G. Coordinate with other NAIC working groups and task forces—including, but not limited to, the Capital Adequacy (E) Task Force, the Investment Risk-Based Capital (E) Working Group, the Statutory Accounting Principles (E) Working Group and the Blanks (E) Working Group—to formulate recommendations and to make referrals to such other NAIC regulator groups to ensure expertise relative to investments, or the purpose and objective of guidance in the P&P Manual, is reflective in the guidance of such other groups and that the expertise of such other NAIC regulatory groups and the objectives of their guidance is reflected in the P&P Manual.
  - H. Implement to the different areas of the NAIC, and to the state-based insurance regulatory structure, the modification of the existing NAIC credit assessment framework by adding NAIC designation categories. Complete by the 2019 Fall National Meeting.

NAIC Support Staff: Charles Therriault/Robert Carcano

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

The mission of the Financial Regulation Standards and Accreditation (F) Committee shall be both administrative and substantive as they relate to administration and enforcement of the NAIC Financial Regulation Standards and Accreditation Program, including, without limitation, consideration of standards and revisions of standards for accreditation; interpretation of standards; evaluation and interpretation of the states' laws and regulations, as well as departments' practices, procedures and organizations as they relate to compliance with standards; examination of members for compliance with standards; development and oversight of procedures for the examination of members for compliance with standards; selection of qualified individuals to examine members for compliance with standards; and the determination of whether to accredit members.

### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Financial Regulation Standards and Accreditation (F) Committee** will:
  - A. Maintain and strengthen the NAIC Financial Regulation Standards and Accreditation Program.
  - B. Assist the states, as requested and as appropriate, in implementing laws, practices and procedures, and with obtaining personnel required for compliance with the standards.
  - C. Conduct a yearly review of accredited jurisdictions.
  - D. Consider new model laws, new practices and procedures, and amendments to existing model laws and practices and procedures required for accreditation and determine timing and appropriateness of addition of such new model laws, new practices and procedures, and amendments.
  - E. Render advisory opinions and interpretations of model laws required for accreditation and on substantial similarity of state laws.
  - F. Review existing standards for effectiveness and relevancy and make recommendations for change, if appropriate.
  - G. Produce, maintain and update the NAIC *Accreditation Program Manual* to provide guidance to state insurance regulators regarding the official standards, policies and procedures of the program.
  - H. Maintain and update the "Financial Regulation Standards and Accreditation Program" pamphlet.
  - I. Perform enhanced pre-accreditation review services, including, but not limited to, additional staff support, increased participation, enhanced report recommendations and informal feedback.

NAIC Support Staff: Becky Meyer/Julie L. Garber

## INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE

The mission of the International Insurance Relations (G) Committee is to coordinate NAIC participation in international discussions on and development of insurance regulatory and supervisory standards and to promote international cooperation. The Committee also coordinates on international insurance matters with the U.S. federal government, including the U.S. Department of the Treasury, the Federal Reserve Board, the Office of the U.S. Trade Representative (USTR), the U.S. Department of Commerce and other federal agencies. In addition, the Committee provides an open forum for NAIC communication with U.S. interested parties and stakeholders on international insurance matters.

### Ongoing Support of NAIC Programs, Products or Services

1. The **International Insurance Relations (G) Committee** will:
  - A. Monitor and assess international activities at forums like the International Association of Insurance Supervisors (IAIS), the Financial Stability Board (FSB), the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF), among others, that impact U.S. insurance regulation, U.S insurance consumers and the U.S. insurance industry.
  - B. Develop NAIC policy on international activities, coordinating as necessary with other NAIC committees, task forces and working groups, and communicating key international developments to those NAIC groups.
  - C. Support and facilitate the participation of state insurance regulators and the NAIC in relevant IAIS, FSB, OECD and similar workstreams.
  - D. Coordinate state efforts to assist in achieving U.S. international trade objectives through reviewing relevant materials, developing input and providing assistance and expertise on insurance matters to the USTR and/or other federal entities.
  - E. Coordinate and facilitate state efforts to participate in key bilateral and multilateral dialogues, conferences and training opportunities with international regulators and international organizations, both directly and in coordination with the federal government, as appropriate.
  - F. Strengthen international regulatory systems and relationships by interacting with international regulators and sharing U.S. supervisory best practices, including conducting an International Fellows Program and educational (technical assistance) seminars to provide an understanding of the U.S. state-based system of insurance regulation.
  - G. Coordinate the NAIC's participation in the IMF/World Bank Financial Sector Assessment Program (FSAP).
2. The **ComFrame Development and Analysis (G) Working Group** will:
  - A. Provide ongoing technical review and expedited strategic input on the IAIS Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame), as well as international group capital developments.
  - B. Facilitate the input and participation of U.S. state insurance regulators in the IAIS field-testing process.
  - C. Monitor and provide technical input to and through relevant NAIC committees, task forces and working groups on any consideration of implementing ComFrame in the U.S. at the state or federal level, including as it relates to capital.
  - D. Coordinate and liaise, as appropriate, with relevant NAIC committees, federal agencies such as the Federal Reserve and the U.S. Department of the Treasury, interested parties and stakeholders.

NAIC Support Staff: Ryan Workman/Ethan Sonnichsen

## **APPENDIX 1**

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

The mission of the NAIC/Consumer Liaison Committee is to assist the NAIC in its mission to support state insurance regulation by providing consumer views on insurance regulatory issues. The Liaison Committee provides a forum for ongoing dialogue between NAIC members and NAIC consumer representatives. The Liaison Committee's activities in 2018 will be closely aligned with the priorities of the NAIC Consumer Board of Trustees.

NAIC Support Staff: Lois E. Alexander

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

The mission of the NAIC/American Indian and Alaska Native Liaison Committee is to provide a forum for ongoing dialogue between NAIC members and the American Indian and Alaska Native communities concerning insurance issues of common interest. Specifically, the Liaison Committee will provide a forum for an exchange of information and views on issues surrounding the availability of insurance for American Indian and Alaska Native consumers and tribal interests, an opportunity for American Indian and Alaska Native groups to bring insurance consumer protection issues to the attention of NAIC members, and a dialogue on best practices for dealing with insurance issues unique to sovereign tribal nations.

NAIC Support Staff: Lois E. Alexander

### **NAIC/INDUSTRY LIAISON COMMITTEE**

The mission of the NAIC/Industry Liaison Committee is to meet at least twice a year to discuss issues of common interest to state insurance regulators and insurance industry representatives.

NAIC Support Staff: Mark Sagat and Chara Bradstreet

### **NAIC/STATE GOVERNMENT LIAISON COMMITTEE**

The mission of the NAIC/State Government Liaison Committee is to discuss issues of common interest to state insurance regulators and state officials.

NAIC Support Staff: Mark Sagat and Chara Bradstreet

## APPENDIX 2

### NAIC AUDIT COMMITTEE Committee Charter

The **Audit Committee** will:

- A. Provide continuous audit oversight, including:
  1. Provide an open avenue of communication between the independent auditor and the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee.
  2. Confirm and ensure the independence of the independent auditor.
  3. Inquire of management and the independent auditor about significant risks or exposures and assess the steps management has taken to minimize such risk.
  4. Consider and review with the independent auditor:
    - a. Significant findings during the year, including the status of previous audit recommendations.
    - b. Any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information.
    - c. The adequacy of internal controls, including computerized information system controls and security, as documented in the Statement on Auditing Standards (SAS) 115 letter from the independent auditor.
    - d. Related findings and recommendations of the independent auditor with management's responses, as documented in the SAS 114 letter from the independent auditor.
  5. Meet periodically with the independent auditor in separate executive sessions to discuss any matters the Committee believes should be discussed privately with the Committee.
  6. Report periodically to the Executive (EX) Committee and Internal Administration (EX1) Subcommittee on significant results of the foregoing activities.
  7. Instruct the independent auditor that the Executive (EX) Committee and Internal Administration (EX1) Subcommittee are the auditor's clients.
- B. Provide continuous oversight of reporting policies, including:
  1. Advise financial management and the independent auditor that they are expected to provide a timely analysis of significant current financial reporting issues and practices.
  2. Inquire as to the auditor's independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and the clarity of the financial disclosure practices.
  3. Inquire as to the auditor's views about whether management's choices of accounting principles are conservative, moderate or aggressive from the perspective of income, asset and liability recognition, and whether those principles are common practices or are minority practices.
  4. Inquire as to the auditor's views about how choices of accounting principles and disclosure practices may affect NAIC members, the insurance industry, and public views and attitudes.
- C. Provide continuous oversight of financial management, including:
  1. Review the monthly consolidated financial statements and receive regular reports from executive management on the financial operations of the association.
  2. Meet prior to, or at, each national meeting, or more frequently as circumstances require. The Committee may ask members of management or others to attend meetings and provide pertinent information, as necessary.
  3. Report on significant results of the foregoing activities to the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee on a regular basis.

## APPENDIX 2

### NAIC AUDIT COMMITTEE (CONTINUED) Committee Charter

- D. Conduct scheduled audit activities, including:
  - 1. Recommend the selection of the independent auditor for approval by the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee, approve the compensation of the independent auditor, and review and approve the discharge of the independent auditor.
  - 2. Review annually the audit scope and plan of the independent auditor with management and the independent auditor, including:
    - a. The independent auditor's audit of the financial statements, accompanying footnotes and its report thereon.
    - b. Any significant changes required in the independent auditor's audit plans.
    - c. Any difficulties or disputes with management encountered during the course of the year under audit.
    - d. Other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards (GAAS).
  - 3. Review and approve needs-based funding allocations, as needed.
  - 4. Review and update the Committee charter, on at least an annual basis.
- E. Conduct other activities when necessary, including:
  - 1. Arrange for the independent auditor to be available to the full Executive (EX) Committee and the Internal Administration (EX1) Subcommittee, as needed.
  - 2. Review and approve requests for any management consulting engagement to be performed by the independent auditor, and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter.
  - 3. Conduct and/or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel and other professionals to assist in the conduct of any investigation.
  - 4. Ensure members of the Committee receive the appropriate orientation to the Committee and receive a copy of the policy manual.

NAIC Support Staff: Jim Woody

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