

2012 COMMITTEE CHARGES

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. Based on input of the membership, identify goals and priorities of the organization and make recommendations to achieve such goals and priorities. Make recommendations by 2012 Commissioners' Conference.—*Essential*
2. Create/terminate task force(s) and/or executive working groups to address special issues and monitor the work of these groups. Create necessary task forces and/or executive working groups throughout 2012 as necessary.—*Essential*
3. Submit reports and recommendations to NAIC members concerning the activities of its subcommittee and the standing committees. Submit report at each national meeting.—*Essential*
4. Consider requests from NAIC members for friend-of-the-court briefs.—*Essential*
5. Establish and allocate functions and responsibilities to be performed by each zone.—*Essential*
6. Pursuant to the Bylaws, oversee the NAIC offices to assist the organization and the individual members in achieving the goals of the organization.—*Essential*
7. Conduct strategic planning on an ongoing basis.—*Essential*
8. Plan, implement and coordinate communications and activities with the Federal Insurance Office (FIO).—*Essential*
9. 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.—*Essential*
10. Review all requests for development of model laws and give approval of those requests if it is determined the mandated criteria has been satisfied. Reporting at each national meeting is required on model laws approved for development.—*Essential*

NAIC Support Staff: Therese M. Vaughan/Andrew J. Beal/Kay Noonan

GOVERNMENT RELATIONS (EX) LEADERSHIP COUNCIL

The mission of the Government Relations Leadership Council (GRLC) 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. Monitor and analyze federal and state legislative/regulatory actions regarding financial services and other issues of importance to the NAIC membership.—*Essential*
2. Work with other standing committees, task forces, and working groups to help develop and communicate NAIC's policy views to federal and state officials on pending legislation and regulatory issues by personal involvement of NAIC members through testimony, correspondence, and attendance at hearings.—*Essential*
3. Develop a strategy and program for directly engaging NAIC members with Congress to advocate the benefits and efficiencies of state regulation.—*Essential*
4. Secure broader participation from NAIC membership on all government affairs advocacy initiatives.—*Essential*
5. Report to the Executive (EX) Committee on all activities and matters relating to the annual charges of the Leadership Council.—*Essential*

Staff Support: Ethan Sonnichsen

INTERNATIONAL INSURANCE RELATIONS (EX) LEADERSHIP GROUP

The mission of the International Insurance Relations (EX) Leadership Group (IIRLG) is to develop, coordinate, and implement the NAIC's international initiatives, and to coordinate between NAIC standing committees, including the International Insurance Relations (G) Committee and the Executive (EX) Committee. The Leadership Group will devise strategies for NAIC action and promote the participation of all NAIC members in the NAIC's international relations initiatives.

Ongoing Support of NAIC Programs, Products, or Services:

1. In coordination with the Government Relations (EX) Leadership Council, monitor and analyze federal legislative/regulatory actions with international implications regarding financial services and other issues of importance to the NAIC membership.—*Essential*
2. Work with other standing committees, task forces, and working groups to help develop and communicate NAIC's policy views to the International Association of Insurance Supervisors during regulator-to-regulator dialogues, and in other international organizations on pending standard-setting issues by personal involvement of NAIC members through leadership roles, presentations, correspondence, and attendance at meetings.—*Essential*
3. Develop a strategy and program for directly engaging NAIC members with non-U.S. insurance supervisors and international organizations in coordination with other NAIC standing committees and groups, where appropriate.—*Essential*
4. Promote the benefits of the U.S. insurance regulatory system and importance of being active internationally.—*Essential*
5. Report to the Executive (EX) Committee on all activities and matters relating to the annual charges of the Leadership Group.—*Essential*
6. Coordinate and monitor responses to Financial Sector Assessment Program recommendations.—*Essential*

Staff Support: Eric Thompson

PRODUCER LICENSING (EX) TASK FORCE

The mission of the Producer Licensing (EX) Task Force is to: 1) Develop and implement uniform standards, interpretations and 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) Coordinate and consult with the National Insurance Producer Registry (NIPR) Board of Directors to develop and implement uniform producer licensing initiatives, with a primary emphasis on encouraging the use of electronic technology.

Ongoing Support of NAIC Programs, Products or Services:

1. Monitor progress on recommendations to the NIPR, which include the following: 1) Work closely with the NAIC Market Regulation Division and the Producer Licensing (EX) Working Group to identify areas in the states' electronic business rules that do not appear to comply with reciprocity or uniformity standards; and 2) Develop a uniform set of electronic processing standards (business rules) to facilitate "true" uniformity vs. "virtual" uniformity.—*Essential*
2. Work closely with the 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 to ensure this data is properly reflected in the State Producer Licensing Database (SPLD) and Producer Database (PDB).—*Essential*
3. 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.—*Essential*
4. Appoint the **NARAB (EX) Working Group** to monitor state reciprocity recertification based on the Working Group's 2009 reciprocity report.—*Essential*
5. Appoint the **Producer Licensing (EX) Working Group** to:
 - Continue to review the process for examination development and delivery of education materials for pre-licensing education and provide recommendations for best practices to ensure the timely review and updates of exam material and a process geared toward testing the qualifications for an entry-level position as a producer.—*Essential*
 - Continue to provide oversight and ongoing updates, as needed, to the *State Licensing Handbook*.—*Essential*
 - Provide ongoing maintenance and review of reciprocity guidelines and uniform application forms for continuing-education providers and state review and approval of courses.—*Important*
 - Provide input and feedback to NAIC/NIPR staff regarding the development of electronic-licensing applications, such as a centralized filing point for notification of administrative/criminal actions and Personalized Information Capture System (PICS) alerts for state insurance regulators.—*Essential*
 - Coordinate with other NAIC parent committees and working groups to review and provide recommendations on any new producer training requirements or continuing-education requirements, which are included in NAIC model acts, regulations and/or standards.—*Essential*
 - Monitor state implementation of the uniform business entity licensing standards.—*Essential*
6. Review and provide guidance regarding the U.S. Financial Sector Assessment Program (FSAP) recommendations to strengthen the approach to producer regulation, including the following: "(i) to extend broker trust fund arrangements across states (where not already in place) to ensure that client funds are fully protected; (ii) to develop a uniform approach to the regulation of major brokers which reflects the important role which large brokers play in the commercial lines market; and (iii) to complete the current work on a consistent approach to the regulation of commission disclosure. In addition, producers should be required to make disclosures to customers of the status under which they are doing business, including which insurance companies have appointed them."—*Essential*

NAIC Support Staff: Timothy B. Mullen

SPEED TO MARKET (EX) TASK FORCE

The mission of the Speed to Market (EX) Task Force is to serve as the NAIC focal point for modernization of the insurance product filing and review processes. The Task Force will monitor the development and implementation of speed to market operational efficiencies and will support the development of national standards in conjunction with the IIPRC. The Task Force also will support IIPRC initiatives that require uniformity and policy changes within the states.

Ongoing Support of NAIC Programs, Products or Services:

1. Provide a forum for the review, discussion and recommendation regarding rate and form filing needs as impacted by the federal Patient Protection and Affordable Care Act (PPACA), including:
 - a. Provide policy support and guidance regarding SERFF enhancements necessary for the states to comply with state law, federal law and/or contractual obligations.—*Essential*
 - b. Provide a forum for discussing product filing issues related to U.S. Department of Health and Human Services (HHS) and Center for Consumer Information and Insurance Oversight (CCIIO) activity.—*Essential*
 - c. Provide input and guidance to other NAIC committees related to PPACA.—*Essential*
2. Appoint a **National Standards (EX) Working Group** to coordinate with/work jointly with the IIPRC Interstate Compact National Standards Working Group in accelerating the drafting of national standards for insurance products that are eligible for inclusion in the IIPRC, with the emphasis on group life, individual annuity, group annuity, disability income and long-term care insurance product standards. Report the results of this ongoing charge at each national meeting.—*Essential*
3. Appoint an **Operational Efficiencies (EX) Working Group** to oversee the implementation and ongoing maintenance/enhancement of speed to market operational efficiencies that have been adopted. Report the results of this ongoing charge at each national meeting.—*Essential*
 - a. Update the speed to market assessment tool that includes a nationwide summary and individual state summaries of speed to market compliance; report at each national meeting.—*Important*
 - b. Facilitate proposed changes to the Product Coding Matrices (PCM) on an annual basis, including the review, approval and notification of changes. Monitor, assist with and report on state implementation of any PCM changes.—*Essential*
 - c. Facilitate proposed changes to the Uniform Transmittal Document (UTD) on an annual basis, including the review, approval and notification of changes. Collaborate with the SERFF Board to ensure incorporation of UTD changes in SERFF.—*Essential*
 - d. 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, with an emphasis on data that monitors state regulatory and insurer responsibilities for speed to market for insurance products and ensure full and complete communication of any change in filing requirements.—*Essential*
 - e. 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.—*Essential*
 - f. In collaboration with the National Treatment and Coordination (E) Working Group, evaluate synergies between corporate changes/amendments and rate and form filing review and approval to improve efficiency.—*Important*

SPEED TO MARKET (EX) TASK FORCE *(Continued)*

- g. Serve as the clearinghouse for input from the SERFF Board regarding the SERFF electronic filing speed to market tool.—*Essential*
- h. Provide oversight in evaluating product filing efficiency issues for regulators and the industry.—*Important*
 - Continue work on the development of uniform rate and form terminology for dispositions, filing objections, filing statuses and deemer provisions designed to further advance speed to market for rate and form filing and review.
 - Survey the states and industry to gather information regarding common filing issues and develop recommendations for resolution.
 - Serve as a forum for discussing tools to assist the states in meeting regulatory needs.
- 4. As desired by the IIPRC, encourage state participation in the IIPRC and receive reports, at each national meeting, of legislative activity for non-compacting states.—*Essential*
- 5. As desired by the IIPRC, assist with marketing efforts promoting industry use of the IIPRC speed to market tool.—*Essential*
- 6. As desired by the IIPRC, participate in dialogue with active supporters of the IIPRC—such as the National Conference of State Legislators, National Conference of Insurance Legislators, state executive branch organizations, National Governors Association and National Association of Attorneys General—to provide background information and reasons in favor of all states joining the IIPRC.—*Essential*

NAIC Support Staff: Julienne L. Fritz/Joe Bieniek

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 and assisting the Chief Executive Officer in resolving competing demands for staff resources.

Ongoing Support of NAIC Programs, Products or Services:

1. The Subcommittee will review and approve all expenditures of funds not included in the final 2012 budget by considering any fiscal impact statements of unbudgeted resource requests and reporting its actions to the Executive Committee.—*Essential*
2. The Subcommittee will annually work with the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer to review the business operations plan, which will incorporate the Executive Committee's strategic management initiatives, and will report its actions to the Executive Committee.—*Essential*
3. The Subcommittee will oversee a review of any management areas of the NAIC that should be designated for formal operational reviews by working through the Chief Executive Officer.—*Essential*
4. The Subcommittee will 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 Chief Executive Officer and Chief Operating Officer.—*Essential*
5. The Subcommittee will receive a report at each national meeting from the NAIC Audit Committee, which will be chaired by the Secretary-Treasurer. The 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 the NAIC management on emerging financial issues for the NAIC, and will report such information to the Subcommittee. The Audit Committee shall also carry out the following activities pursuant to its charter:
 - 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.—*Essential*
1. 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.—*Essential*
7. Select NAIC national meeting sites five to six years in advance of the meeting date to ensure efficient and economical locations and facilities.—*Essential*
8. Review and revise, as necessary and appropriate, the procedures for selection of NAIC national and interim meeting sites.—*Essential*
9. Review and revise, as necessary and appropriate, the criteria and categories for registrants at NAIC national meetings.—*Essential*
10. Appoint the Information Systems (EX1) Task Force to provide regulator-based technology expertise.—*Essential*

NAIC Support Staff: Therese M. Vaughan/Andrew J. Beal

INFORMATION SYSTEMS (EX1) TASK FORCE

The mission of the Information Systems (EX1) Task Force is to provide regulator-based technology expertise to the Internal Administration (EX1) Subcommittee, and to support committee activities and objectives. This includes ensuring that the technology resources of the NAIC are deployed in such a manner to support the core values of service, results, value, and communication by:

- Being an innovator that provides state insurance department staff with quality products, programs and services that focus on streamlining the regulatory process and decreasing the overall cost of regulatory compliance to regulators, the regulated, and consumers.
- Providing products and services to facilitate and promote the communication of regulatory information and knowledge among insurance entities, with a minimum technology investment needed to integrate into legacy systems. These products and services will be driven by the business needs of the states as expressed through the various NAIC committees and prioritized by the Executive (EX) Committee.
- Embracing the technology direction established by the National Technical Architecture, and promulgated through the Task Force.

Ongoing Support of NAIC Programs, Products or Services:

1. Serve as the Internal Administration (EX1) Subcommittee's project independent technology monitor and consultant. This involves monitoring the development, deployment, and operation of information technology by and for the NAIC, and based on this effort providing reports and recommendations to the Subcommittee as appropriate. To achieve this, the Task Force will receive regular reports from the technology staff of each project and provide a structure for states to collaborate on technology initiatives.—*Essential*
2. Maintain and monitor the use of National Technical Architecture standards for State-Based Insurance Regulation.—*Essential*
3. Monitor the technical implementation of the *MyNAIC.org* production releases and continue to work with the business committees that might be exploring a new role. Monitor the utilization of the roles and analyze associated issues. Coordinate with the respective business areas regarding oversight, education, and promotion of these roles. In addition, oversee improvements to the search function and presentation.—*Essential*
4. Review, with technical recommendations for the Subcommittee, Business and Fiscal Impact Statements that involve technology being submitted to the Internal Administration (EX1) Subcommittee to ensure proposals meet the expectations for IT regulator review, to include placing special emphasis on promoting overall efficiencies of cost and operation and promoting interoperability among different systems; providing technology reports and recommendations as appropriate during NAIC Business and Fiscal Impact Statement approval process; and, if approved, thereafter monitoring implementation and ongoing effectiveness.—*Essential*
5. Provide consultation to the NAIC technology staff, and provide interpretation of intent and specific technology direction where needed. For example, from time to time, the 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.—*Essential*
6. The Task Force will only serve as a regulator sponsor for projects involving technology that supports the business areas of more than one other standing committee.—*Important*

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

7. Monitor the organization and utilization of the NAIC Information Systems Division and the other NAIC information technology personnel and resources and, based on this effort, provide reports and recommendations to the Internal Administration (EX1) Subcommittee as appropriate. This will include review of technology planning documents.—*Important*
8. Provide direction and oversight of the NAIC State Technology Survey.—*Important*
9. Provide regulator technology consultation to NAIC committees, task forces, and working groups as requested.—*Important*

NAIC Support Staff: Denise Matthews

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 Maintenance of NAIC Programs, Products or Services

1. Monitor the activities of the **Life Actuarial (A) Task Force**.—*Essential*
2. Oversee development of the principle-based reserving system.—*Essential*
3. Review and revise, as necessary the Life Insurance Buyer's Guide in conjunction with Appendix A of the *Life Insurance Disclosure Model Regulation* (#580).—*Important*
4. Oversee changes and provide technical assistance as appropriate for the production of the *Market Share Reports for the Top 125 Life and Fraternal Insurance Groups and Companies by State*.—*Essential*
5. Appoint the **Annuity Disclosure (A) Working Group** to review and revise, as necessary, the Buyer's Guides to Fixed Deferred Annuities, which was Appendix A of the *Annuity Disclosure Model Regulation* (#245).—*Important*
6. Appoint a **Viatical Settlements (A) Working Group** to review and consider revisions to the *Viatical Settlements Model Regulation* (#698) for consistency with the 2007 revisions made to the *Viatical Settlements Model Act* (#697), including reviewing and considering revisions to or replacement of, as appropriate, Appendix A - Informational Brochure.—*Important*
7. Review the U.S. Securities and Exchange Commission (SEC) Life Settlements Task Force Staff Report and the U.S. Government Accountability Office (GAO) Report to the U.S. Senate Special Committee on Aging on Life Insurance Settlements and assess their effect on the functional state regulation of life settlements, if any, and make recommendations, as necessary, to the NAIC.—*Important*
8. Appoint a subgroup to review the issues identified in the Life Actuarial (A) Task Force referral concerning contingent annuities and report the results of its review to the Committee.—*Essential*

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

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 Maintenance of NAIC Programs, Products or Services

1. Study the feasibility of a new nonforfeiture law for life insurance and annuities to replace the existing nonforfeiture standards. Provide periodic status reports on this project.—*Important*
2. Work with the American Academy of Actuaries and the Society of Actuaries to develop new mortality tables for the valuation of pay out annuities, for preneed, simplified issue and guaranteed issue forms of life insurance and minimum nonforfeiture requirements for life insurance. Provide periodic status reports on this project.—*Important*
3. Work with the Society of Actuaries to develop the reporting of channels of distribution information needed to better establish GRET factors.—*Important*
4. Review Actuarial Guideline XLIII, CARVM for Variable Annuities, and recommend changes to the requirements.—*Important*
5. Review Actuarial Guideline XXXVIII, The Application of the Valuation of Life Insurance Policies Model Regulation, and recommend changes to the requirements.—*Important*
6. Develop and submit proposals to facilitate the implementation of a principles-based approach to valuation. Monitor international developments regarding life and health insurance reserving. Provide periodic reports on this project.—*Essential*
7. Provide assistance and commentary to other NAIC committees relative to their work on actuarial matters.—*Important*

NAIC Support Staff: John L. Engelhardt/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 Maintenance of NAIC Programs, Products or Services

1. Respond to inquiries from Congress, the White House and federal agencies; analyze policy implications and effect on states of proposed legislation; communicate NAIC's position through letters and testimony when requested.—*Essential*
2. Monitor the activities of the **Health Actuarial (B) Task Force**.—*Essential*
3. Monitor the activities of the **Regulatory Framework (B) Task Force**.—*Essential*
4. Monitor the activities of the **Senior Issues (B) Task Force**.—*Essential*
5. Oversee changes and provide technical assistance as appropriate to the production of the Accident and Health Statistical Compilation and Market Share Report. Periodically evaluate the demand, utility and income derived from these reports versus their cost.—*Essential*
6. Review issues surrounding the uninsured/underinsured and strategies for achieving universal coverage, determine what contributions state insurance regulators, from their unique perspective, can make to the debate, and develop appropriate vehicles to convey any positions or principles the committee develops to a multiplicity of audiences.—*Essential*
7. Serve as the official liaison between NAIC and the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), the National Committee on Quality Assurance (NCQA), and URAC.—*Important*
8. Review issues surrounding evidence-based medicine and determine whether rigorous and consistent reporting should be required. If so, develop a model law on the topic or recommend another appropriate vehicle to achieve goals.—*Important*
9. Examine issues and, as necessary, state laws and/or regulations regarding appropriate underwriting questions on applications for health insurance coverage particularly with respect to ensuring that underwriting practices and HIV testing procedures are nondiscriminatory; and, if appropriate, develop a model law or model bulletin to reflect state law and/or regulations on the subject.—*Important*
10. Review the need for a model law or regulation or other vehicle to address and ensure appropriate producer participation in assisting employers and individual consumers making health care insurance purchase decisions for products sold inside and/or outside of health insurance exchanges, make appropriate drafting recommendations and make recommendations to the Secretary of Health and Human Services (HHS) regarding guidelines for producer participation in health insurance exchanges.—*Important*
11. Appoint a **Limited Medical Benefit Plan (B/D) Working Group**—a joint working group of the Health Insurance and Managed Care (B) Committee and the Market Regulation and Consumer Affairs (D) Committee to coordinate efforts and review issues related to limited medical benefit plans, including: 1) misrepresentation in sales and marketing; 2) product utility; and 3) authorized and unauthorized agents. The Working Group shall develop recommendations to address concerns and issues addressed during the review.—*Important*

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 Maintenance of NAIC Programs, Products or Services

1. Work with the American Academy of Actuaries and Society of Actuaries to develop a replacement for the 1985 NAIC Cancer Claim Cost Tables as the basis for the valuation of individual cancer policies.—*Important*
2. Revise model rules for appropriate long-term care rates, rating practices, and rate changes.—*Important*
3. Study the minimum standards applicable to statutory reserves for long-term care insurance. Begin developing a principles-based framework for a set of minimum standards.—*Important*
4. Review the Medicare supplement refund formula.—*Important*
5. Provide support for issues related to implementation of the Affordable Care Act.—*Important*
6. Work with the Society of Actuaries and the American Academy of Actuaries to develop a replacement for the 1987 Commissioners Group Disability Income Table.—*Important*
7. Provide assistance and commentary to other NAIC committees relative to their work on actuarial matters.—*Important*

NAIC Support Staff: John L. Engelhardt/Eric King

REGULATORY FRAMEWORK (B) TASK FORCE

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

Ongoing Maintenance of NAIC Programs, Products or Services

1. Coordinate and develop the provision of technical assistance to the states regarding state level implementation issues raised by federal health legislation and regulations.—*Essential*
2. Monitor the activities of the **ERISA (B) Working Group** and its charges to do the following:
 - Monitor, report, and analyze developments related to ERISA, and make recommendations regarding NAIC strategy and policy with respect to those developments.—*Essential*
 - Review the NAIC’s *ERISA Handbook* and modify as necessary to reflect developments related to ERISA. Report annually.—*Important*
 - Review and revise the *Stop Loss Insurance Model Act* (#92) to take into account medical inflation.—*Important*
3. 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.—*Important*
4. Consider the development of new NAIC model laws and regulations and the revision of existing NAIC model laws and regulations affected by federal legislation and final federal regulations promulgated pursuant to such legislation.—*Essential*
5. Review and revise, as necessary, the *Coordination of Benefits Model Regulation* (#120) to address issues related to medical benefits coverage in automobile “no fault” and traditional automobile “fault” type contracts and, as provided in section 2714 of the Public Health Service Act (PHSA), the extension of dependent coverage to age 26.—*Important*

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 consider policy issues, develop appropriate regulatory standards and revise the NAIC models, consumer guides and training material, as necessary, on Medicare supplement insurance, senior counseling programs and other insurance issues which affect older Americans.

Ongoing Maintenance of NAIC Programs, Products or Services

1. Develop appropriate regulatory standards and revisions to the NAIC models, consumer guides and training material, as necessary, Medicare supplement insurance, senior counseling programs and other insurance issues which affect older Americans. Report annually.—*Essential*
2. Continue to monitor and work with federal agencies to advance appropriate regulatory standards for Medicare Supplement and other forms of health insurance applicable to older Americans. Report at national meetings.—*Essential*
3. Review the *Medicare Supplement Insurance Minimum Standards Model Act* (#650) and *Medicare Supplement Insurance Minimum Standards Regulation* (#651) to determine if amendments are required based on changes to federal law and revise if necessary. Report by 2012 Fall National Meeting.—*Essential*
4. Monitor the Medicare Advantage and Medicare Part D marketplace, assist the states as necessary with regulatory issues, and maintain a dialogue and coordinate with CMS on regulatory issues, including solvency oversight of waived plans and agent misconduct. Report at national meetings.—*Essential*
5. Monitor and assist states in the implementation of changes to the *Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act* (#651) to modernize the Medicare supplement market, as approved by the NAIC in March 2007 as required by the Medicare Improvement for Patients and Providers Act of 2008 and the Genetic Information Nondiscrimination Act of 2008. Report at national meetings.—*Essential*
6. Continue to monitor the changes in the Medicare Supplement insurance market and assist states with implementation of Medicare Supplement Model amendments due to federal statutory changes. Report at national meetings.—*Essential*
7. Provide the perspective of state insurance commissioners to the U.S. Congress, as appropriate, and the Centers for Medicare & Medicaid Services of the U.S. Department of Health and Human Services on insurance issues, including concerning the effect and result of federal activity on the senior citizen health insurance marketplace and regulatory scheme.—*Essential*
8. Review and monitor state and federal relations with respect to senior health care initiatives, and other impacts on the states. Work with federal agencies as appropriate. Report annually.—*Essential*
9. Work with the Centers for Medicare & Medicaid Services to revise the annual joint publication, *Guide to Health Insurance for People with Medicare*.—*Essential*
10. Monitor information on legislation impacting the funding of State Health Insurance Assistance Programs (SHIP). Report at national meetings.—*Important*
11. Assist the states and serve as clearinghouse for information on Medicare Advantage plan activity. Report at national meetings.—*Important*

SENIOR ISSUES (B) TASK FORCE *(Continued)*

12. In accordance with changes to the *Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act* (#651) approved by the NAIC in March 2007, monitor and maintain a record of state approvals of all Medicare supplement insurance new or innovative benefits for use by regulators and others.—*Important*
13. In accordance with changes to the *Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act* (#651) approved by the NAIC in March 2007, periodically review state-approved new or innovative benefits and consider whether to recommend that they be made part of standard benefit plan designs in the model regulation.—*Important*
14. Develop appropriate regulatory standards and revisions to the NAIC models, consumer guides and training material, as necessary, on long-term care insurance. Work with federal agencies as appropriate. Report annually.—*Essential*
15. Continue to study and evaluate evolving long-term care insurance product design, rating, suitability and other related factors, and review the existing *Long-Term Care Model Act* (#640) and *Long-Term Care 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 long-term care insurance marketplace. Report at national meetings.—*Essential*
16. Monitor and provide assistance to the States on the implementation of the 2000 rating practices amendments to the *Long-Term Care Insurance Model Regulation* (#641). Report annually.—*Important*
17. Examine whether there is anything the NAIC can or should do to address possible long-term care insurance reserve deficiencies and rating issues, such as mitigation against rate increases and death spirals.—*Essential*
18. In line with the NAIC's current long-term care models, explore options where appropriate, and monitor efforts, to ensure the fair or equal treatment of policyholders, including those in situations where policyholders live in multiple states.—*Essential*
19. Examine how regulators should treat the spin-off or transfer of closed blocks of long-term care insurance business to another entity, including process issues related thereto.—*Essential*

NAIC Support Staff: Jane Sung/Jennifer R. Cook/Brian R. Webb

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE

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

Ongoing Support of NAIC Programs, Products or Services:

1. Discuss issues arising and make recommendations with respect to advisory organization and insurer filings for personal and commercial lines, as needed. Report yearly.—*Ongoing*
2. Appoint a **Catastrophe Insurance (C) Working Group** to report progress at each national meeting on the following catastrophe insurance issues:
 - Monitor and recommend measures to improve the availability and affordability of insurance and reinsurance related to catastrophe perils for personal and commercial lines.—*Ongoing*
 - Evaluate potential state, regional and national programs to increase capacity for insurance and reinsurance related to catastrophe perils.—*Ongoing*
 - 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.—*Ongoing*
 - Provide a forum for discussing issues and recommending solutions related to insuring for catastrophe risk, including terrorism, war and natural disasters.—*Ongoing*
 - Update the *State Disaster Response Plan*, as needed, so that it provides a blueprint for action by the states to respond to catastrophic events.—*Ongoing*
 - Provide a forum for discussing various issues related to catastrophe modeling and monitor issues that will result in changes to the *Catastrophe Computer Simulation Modeling Handbook*.—*Essential*
3. Appoint a **Risk Retention (C) Working Group** to:
 - Monitor and review developments in case law and rehabilitation proceedings and the findings contained in the forthcoming U.S. Government Accountability Office's report on risk-retention groups; if warranted, make appropriate changes to the *Risk Retention and Purchasing Group Handbook*; report at each national meeting.—*Ongoing*
4. Appoint a **Crop Insurance (C) Working Group** to:
 - Monitor the activities of the Federal Crop Insurance Corporation (FCIC) that affect state insurance regulators.—*Ongoing*
 - Serve as a forum for discussing issues related to the interaction of federal crop insurance programs with state insurance regulation.—*Ongoing*
 - Review law changes and court decisions and, if warranted, make appropriate changes to the *Crop Insurance Handbook: A Guide for Insurance Regulators*.—*Ongoing*
 - 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. Report at each national meeting.—*Ongoing*
 - Monitor and report on the success of states in enacting regulatory changes to avoid preemption of crop insurance adjuster licensing laws by the federal Risk Management Agency (RMA).—*Ongoing*
5. Coordinate with the Federal Insurance Administrator on the regulation of flood insurance to:
 - Continue developing a handbook or white paper to assist state insurance regulators in understanding the federal flood insurance program and how it interacts with state insurance regulation.—*Important*

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

- Complete work on a handbook or white paper by the 2012 Fall National Meeting. Report progress on the handbook or white paper and any other activities; report at each national meeting.—*Important*
6. Monitor the activities of the **Workers' Compensation (C) Task Force**.—*Essential*
 7. Monitor the activities of the **Casualty Actuarial and Statistical (C) Task Force**.—*Essential*
 8. Monitor the activities of the **Surplus Lines (C) Task Force**.—*Essential*
 9. Monitor the activities of the **Title Insurance (C) Task Force**.—*Essential*
 10. Appoint an **Advisory Organizations Examination Oversight (C) Working Group** to:
 - Revise the protocols, as necessary, for the examination of national or multi-state 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 task forces and committees.—*Essential*
 - Monitor data reporting of advisory organizations (includes rating organizations and statistical agents) data-collection processes to determine if advisory organizations (includes rating organizations and statistical agents) implement appropriate measures to ensure data quality. Report the results of this ongoing charge as needed.—*Essential*
 - Actively assist with and coordinate multi-state examinations of advisory organizations (includes rating organizations and statistical agents).—*Essential*
 11. Appoint a **Terrorism Insurance Implementation (C) Working Group** to 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 Office on matters of mutual concern. Discuss long-term solutions to address the risk of loss from acts of terrorism.—*Essential*
 12. Appoint an **Earthquake (C) Study Group** to study, in coordination with other NAIC working groups and task forces, earthquake matters of concern to insurance regulators and report on this at each national meeting.—*Essential*. The Earthquake Study Group will see to:
 - Increase knowledge and awareness of the earthquake risk nationally and in each state. This includes working with earth scientists, first responders, emergency managers, consumer groups, public and private modelers, and other experts.
 - Work with engineers, the Federal Emergency Management Agency and other seismic and actuarial experts to determine effective techniques for retrofitting and mitigating against earthquake risk. This includes identifying which building types are most seismically at risk and exploring methods of collecting post-earthquake loss damage information to improve loss-modeling and mitigation capabilities.
 - Identify strategies to communicate earthquake risk awareness, preparation, loss mitigation and recovery measures to insurers, producers and consumers. This includes continued development of an earthquake consumer brochure and working with social scientists to understand the latest research on promoting public preparedness.
 - Stay abreast of federal and state legislation impacting the earthquake industry. This includes receiving presentations from speakers on pending federal and/or state legislation involving mitigation initiatives and alternative financing methodologies.
 - Review and update *The Final Report of the Earthquake Study Group (February 2000)*, so that it provides a basis for understanding an outline for action to be taken by the states to respond to earthquake events and risks.
 - Assist state insurance regulators in determining the availability and affordability of earthquake coverage in their respective states.

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

13. Appoint a **Transparency and Readability (C) Working Group** to 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. Review the three NAIC property/casualty policy simplification models (#730, #731 and #732) for currency and recommend changes, if appropriate. Examine current industry practices and state laws and regulations relevant to this topic, then develop findings and/or recommended action items to the Committee. Examine approaches to 1) systematize and improve pre-sale disclosures of coverage; 2) increase consumer accessibility to different carriers' policy forms on a pre-sale basis; and 3) facilitate consumers' capacity to understand the content of insurance policies and assess differences in insurers' policy forms. In examining the second of these issues, the Working Group should consider all possible avenues of accessibility, including state insurance department websites, the NAIC, insurance companies and the possibility of pre-sale provision of complete policy language. In examining the third of these issues, the Working Group should consider a) implementing new readability rules as suggested by the Consumer Connections (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee; b) promoting consistent, clear and logical formatting and organization of all policies; and c) any other measures that would improve the intellectual accessibility of policy forms.—*Important*. The Working Group will also develop best practices for the design and implementation of Web-based consumer premium comparison guides for personal auto and homeowners insurance by the 2012 Fall National Meeting.—*Essential*
14. Following a catastrophe, diverse regulatory mandates increase insurer uncertainty and might divert insurer resources that are needed to respond to claims. To provide added certainty for insurers and regulators in advance of a major disaster, procedures need to be in place so that regulators and insurers know what to expect and insurers are prepared to comply. To address these concerns, develop a model law, regulation or guideline to standardize insurer premium collection procedures, underwriting limitations, claims-handling processes and claims data reporting requirements that a state could adopt in advance of a catastrophe and activate after a catastrophe.—*Important*
15. 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 IID Plan of Operation.—*Important*

New Objectives and Goals *(representing new NAIC programs, services or initiatives):*

1. Hold a public hearing and consider developing a model guideline, white paper or compilation of best practices to reduce post-disaster insurance recovery obstacles for insurance consumers. Issues might include, but are not limited to: the appropriate duration for payment of additional living expenses; the appropriate duration for consumers to recover the full replacement cost of personal and real property; streamlined inventory requirements in the event of a total loss; enhanced training requirements regarding calculation of accurate dwelling replacement values; requiring insurers to provide a complete copy of a policy upon request as part of the claim settlement process; and providing claimants access to copies of all claim-related documents in a claim file.—*Important*

NAIC Support Staff: Eric C. Nordman

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 insurance industry. The Task Force's goals are to maintain the financial health of property/casualty insurers and to ensure that appropriate data regarding property/casualty insurance markets are available.

Ongoing Maintenance of NAIC Programs, Products or Services:

1. Provide reserving, pricing, ratemaking, statistical and other actuarial support to NAIC committees, task forces and 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.—*Essential*
 - Blanks (E) Working Group (property/casualty annual statement, including Schedule P; property/casualty quarterly statement; property/casualty quarterly and annual statement instructions, including Statement of Actuarial Opinion and Actuarial Opinion Summary Supplement)
 - Statutory Accounting Principles (E) Working Group and Emerging Accounting Issues (E) Working Group (*Accounting Practices and Procedures Manual*)
 - Capital Adequacy (E) Task Force (property/casualty risk-based capital report)
 - Financial Analysis Handbook (E) Working Group (property/casualty actuarial sections of the *Financial Analysis Handbook*)
 - Financial Examiners Handbook (E) Technical Group (property/casualty actuarial sections of the *Financial Condition Examiners Handbook*)
 - Operational Efficiencies (EX) Working Group (property/casualty actuarial sections of the *Product Filing Examiners Handbook*)
2. Identify the types of data that are necessary to properly evaluate the medical liability insurance market — including the frequency, severity and causes of loss — in order to evaluate regulatory and legislative proposals. Identify the sources of this data and the steps necessary to capture it, including changes needed in the *Statistical Handbook of Data Available to Insurance Regulators*, and the need to develop claims databases or other appropriate means of capturing the necessary information.—*Essential*
3. Consider updates and developments, provide technical assistance and oversee the production of the following reports and databases. Also, periodically evaluate the demand, utility and income derived vs. the costs of production of each product. —*Essential*
 - a. *Report on Profitability by Line by State* (Charge the Profitability (C) Working Group with producing this report on an annual basis.)
 - b. Homeowners Average Premium Report
 - c. *Auto Insurance Database*
 - d. *Market Share Reports for Groups and Companies – Property/Casualty*
 - e. *Property and Casualty Competition Database Report*
4. Monitor activities related to establishing life insurance principle-based reserving and provide guidance based on experiences with establishing property/casualty principle-based reserving.—*Important*
5. Monitor national casualty actuarial developments and consider regulatory implications.—*Important*
 - Casualty Actuarial Society (Statements of Principles and *Syllabus of Basic Education*)
 - American Academy of Actuaries (Standards of Practices)
 - Federal legislation

CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE *(Continued)*

6. Provide property/casualty actuarial advice and assistance to the Solvency Modernization Initiative (E) Task Force and its Working Groups, including providing commentary as needed on relevant draft reports of the International Actuarial Association and other international bodies.—*Important*
7. Consider updates and changes to the *Statistical Handbook of Data Available to Insurance Regulators*.—*Important*

NAIC Support Staff: Kris DeFrain/Aaron Brandenburg

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 a model regulation.

Ongoing Maintenance of NAIC Programs, Products or Services:

1. 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. This charge is ongoing and will be assumed by the **IID Plan of Operation (C) Review Group**.—*Essential*
2. Perform financial analysis of surplus lines market utilizing the NAIC Financial Data Repository and other sources in order to prepare a regulator report.—*Important*
3. Provide assistance, when needed, to address aspects in the surplus lines subtitle of the federal Nonadmitted and Reinsurance Reform Act.—*Important*
4. Develop and oversee implementation of state-based solutions addressing the surplus lines subtitle of the Nonadmitted and Reinsurance Reform Act.

NAIC Support Staff: Robert Schump/David Vacca

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.

1. Coordinate with the Financial Condition (E) Committee to modernize the solvency regulation of title insurance. These efforts may include: determining the attributes of recent title company financial failures; and developing risk-based capital requirements, early warning tools, and risk-focused financial examination guidelines for title insurers. Anticipated report dates to be determined after consultation with the Financial Condition (E) Committee.—*Essential*
2. Examine ways to mitigate the impact of title insurer and agent insolvencies on policyholders. Such efforts may include: promoting the use of blanket lenders' policies and individual owners' policies to replace policies issued by insolvent insurers; examining the financial failures of title agents; and promoting the use of Closing Protection Letters. Report the results by the Summer National Meeting.—*Important*
3. Assist various regulatory bodies in combating fraudulent or unfair real estate settlement activities. Such efforts may include: working with the Antifraud (D) Task Force and other NAIC committees, task forces 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.—*Essential*
4. Determine the feasibility of promoting effective consumer shopping for title agents and insurers without delaying real estate closing schedules. Consider developing best practices for the design and implementation of title cost comparison guides for consumers. Evaluate the appropriateness of creditors' rights coverage. Report initial findings by the Fall National Meeting.—*Important*
5. Appoint a **Title Insurance Market Conduct and Mortgage Fraud (C) Working Group** to review and assist various regulatory bodies in combating fraudulent or unfair real estate settlement activities. Report results at each national meeting.—*Essential*
6. Appoint a **Title Insurance Financial Reporting (C) Working Group** to consider the effectiveness of recent changes in financial reporting by title insurance companies related to the Title Agent Statistical Data Plan Implementation Guideline and to identify further improvements and clarifications to blanks, instructions, Statements of Statutory Accounting Principles (SSAPs) and other matters. Report the results by the Fall National Meeting.—*Important*
7. Appoint a **Title Insurance Guaranty Fund (C) Working Group** to consider whether a title insurance guaranty fund model law or guideline should be developed. Report the results by the Summer National Meeting.—*Essential*

NAIC Support Staff: 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 pertaining to workers' compensation.

Ongoing Support of NAIC Programs, Products or Services:

1. Discuss issues arising with respect to advisory organization and insurer filings for workers' compensation.—*Essential*
2. Provide assistance to participating states in conducting a 2010 multi-state examination of the National Council on Compensation Insurance.—*Essential*
3. Appoint a **NAIC/IAIABC Joint (C) Working Group** to study issues of mutual concern to insurance regulators and workers' compensation administrators. Review relevant model laws and papers and consider possible changes in light of the joint working group recommendations. The Working Group is to report the results of their ongoing charge at each national meeting.—*Important*
4. Review the various ways that workers compensation insurance for volunteer firefighters is being underwritten and premium determined and the impact of these variations. Produce a report on best practices for workers compensation coverage for volunteer firefighters which addresses the following questions: who should pay for volunteer firefighter coverage; how should premium be determined; what is the appropriate exposure base; can volunteer fire department rosters or other reporting requirements be mandated to insure accuracy; what benefit levels should apply to volunteers; and what governmental pools or other risk transfer mechanisms are available to insure volunteer fire departments.—*Essential*

NAIC Support Staff: David Keleher

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. Provide policy recommendations regarding centralized collection and storage of market conduct data, national analysis and reporting at the NAIC. Monitor implementation, with a specific focus on confidentiality and public availability of data.—*Essential*
2. Monitor and assess the current process for multi-jurisdictional market conduct activities and provide appropriate recommendations for enhancement, as necessary.—*Essential*
3. Oversee the activities of the **Market Information Systems (D) Task Force**.—*Essential*
4. Oversee the activities of the **Antifraud (D) Task Force**.—*Essential*
5. Appoint a **Market Actions (D) Working Group** of 16 individuals to facilitate interstate communication and coordinate collaborative state regulatory actions.—*Essential*
6. Appoint a **Market Conduct Examination Standards (D) Working Group** to develop market conduct examination standards.—*Essential*
7. Appoint a **Consumer Connections (D) Working Group** to: 1) Provide a forum for dialogue among the state consumer service representatives to share best practices and enhance consumer advocacy efforts; 2) Provide a forum for dialogue among state consumer service representatives, consumer groups, regulators and the industry regarding current marketplace issues; 3) Advance recommendations to the Market Regulation and Consumer Affairs (D) Committee for further interaction with appropriate technical working groups and receive tasks as assigned by the Committee.—*Essential*
8. Appoint a **Consumer Disclosures (D) Working Group** to: 1) Develop a work product outlining best practices and guidelines for use by state insurance regulators in developing information disclosures for insurance consumers. The product would include a discussion of situations in which consumer disclosures are appropriate and can reasonably be expected to address a market problem and/or empower consumers. The best practices and guidelines would address effective ways to create and deliver information disclosures and would be applicable across product lines; 2) Monitor state implementation of the Privacy Disclosure Model Bulletin; 3) Provide a recommendation on how to sunset the safe harbor of compliance with state privacy notice requirements through the use of the sample clauses in the NAIC *Privacy of Consumer Financial and Health Information Regulation* (#672); and 4) Assess consumers' understanding of the standards of care associated with the sale of insurance products, as recommended by the U.S. Government Accountability Office (GAO) in its report titled, "Consumer Finance," which was issued in January 2011.—*Essential*
9. 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 a public hearing on these issues at the NAIC national meetings, as appropriate.—*Important*
10. In collaboration with other technical working groups, discuss and share best practices through public forums to address broad consumer concerns regarding personal insurance products.—*Important*

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

11. Coordinate with the International Insurance Relations (EX) Leadership Group 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.—*Important*
12. Appoint a **Social Media (D) Working Group** to: 1) Develop a white paper on how insurance companies and producers use social media in the business of insurance; 2) Identify regulatory and compliance issues that might arise through the use of social media in insurance; and 3) Provide guidance on how to address any identified regulatory and compliance issues.—*Important*
13. Appoint a **Limited Medical Benefit Plan (B/D) Working Group**—a joint working group of the Market Regulation and Consumer Affairs (D) Committee and the Health Insurance and Managed Care (B) Committee—to coordinate efforts and review issues related to limited medical benefit plans, including: 1) misrepresentation in sales and marketing; 2) product utility; and 3) authorized and unauthorized agents. The Working Group shall develop recommendations to address concerns and issues addressed during the review.—*Important*

New Objectives and Goals *(representing new NAIC programs, services or initiatives):*

1. Coordinate with the Health Insurance (B) Committee to provide policy recommendations regarding uniform state enforcement of the federal Patient Protection and Affordable Care Act (PPACA).—*Essential*
2. Appoint a **Regulatory Information Retrieval System (D) Working Group** to review the coding structure for the NAIC's Regulatory Information Retrieval System and provide recommended changes to the coding structure.—*Important*

NAIC Support Staff: Timothy D. Mullen/Craig L. Leonard

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, to promote the public interest 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 through the maintenance and improvement of 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. Provide a liaison function between insurance regulators, federal, state, local and international law enforcement and other specific antifraud organizations. Coordinate between state and federal regulators regarding the USA PATRIOT Act anti-money laundering amendments to the federal Bank Secrecy Act. The Task Force also will serve as a liaison with the NAIC Information Systems Division and other NAIC committees to develop technological solutions for data collection and information-sharing. The Task Force will monitor all aspects of antifraud activities by its working groups and subgroups on the following charges.

Ongoing Support of NAIC Programs, Products or Services:

1. Develop and recommend a uniform fraud reporting form and uniform fraud reporting standards for private health insurers for fraud referrals to state agencies in accordance with section 6603 of the Affordable Care Act to be provided to the U.S. Secretary of Health and Human Services.—*Essential*
2. Work with the Title Insurance (C) Task Force to review issues and concerns related to fraud activities and schemes related to title insurance fraud and consider a joint regulator education program.—*Essential*
3. Create State Department of Insurance Safety Manual for Investigators and Auditors.—*Essential*
4. Maintain six working groups: 1) Agent and Unlawful Activities Working Group; 2) Antifraud Liaison Working Group; 3) Antifraud Training and Seminar Working Group; 4) Federal and International Enforcement Coordination Working Group; 5) Information Sharing and Technology Working Group; and 6) Securities Enforcement Coordination Working Group.
5. Appoint the **Agent and Unlawful Activities (D) Working Group** to coordinate efforts to address national concerns related to agent fraud and activities of unauthorized agents related to insurance sales.—*Essential*
6. Appoint the **Antifraud Liaison (D) Working Group** to coordinate activities and information from national antifraud organizations and provide information to state insurance fraud bureaus—*Essential*. The Working Group will evaluate and recommend method to track national fraud trends.—*Important*
7. Appoint the **Antifraud Training and Seminar (D) Working Group** to develop and present seminars, trainings and webinars regarding insurance fraud, as necessary, during the course of the year.—*Essential*
8. Appoint the **Federal and International Enforcement Coordination (D) Working Group** to coordinate with state, federal and international law enforcement agencies in addressing antifraud issues relating to the insurance industry. The Working Group will review and provide comments on behalf of the Antifraud Task Force on Insurance Core Principles related to insurance fraud for the International Association Insurance Supervisors.—*Essential*
9. Appoint the **Information Sharing and Technology (D) Working Group** to 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.—*Essential*
10. Appoint the **Securities Enforcement Coordination (D) Working Group** to coordinate the enforcement and investigation efforts of state and federal securities regulators with state insurance fraud bureaus—*Essential*

NAIC Support Staff: Keri Kish

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 to the NAIC Market Information Systems.

Ongoing Support of NAIC Programs, Products or Services:

1. Using the “Voice of the Customer” Report, *Market Regulation Handbook* and Market Analysis Framework as references, finalize a strategic action plan to be used to develop a Business and Financial Impact Statement to make changes to the market systems. This would consist of identifying the “best practices” for market regulators’ processes; defining the overall strategy for the role of Market Information Systems in support of these processes; comparing the existing systems to the automation needs associated with those processes; evaluating the gaps; and identifying and prioritizing projects to close those gaps. The Market Information Systems include: 1) Market Analysis Prioritization Tool (MAPT); 2) Market Analysis Review System (MARS); 3) Complaint Database System (CDS); 4) Examination Tracking System (ETS); 5) Regulatory Information Retrieval System (RIRS); 6) Market Initiatives Tracking System (MITS); 7) Special Activities Database (SAD) (in conjunction with the Antifraud (D) Task Force); and 8) Market Conduct Annual Statement (MCAS).—*Essential*
2. Appoint a **Market Analysis Procedures (D) Working Group** to: 1) Develop an MCAS blank to be used for the collection of data for an additional line of business; 2) Make recommendations for the enhancement and improvement of the *Market Regulation Handbook* market analysis chapters; 3) Develop a best practices guide to be used by state insurance regulators to analyze the MCAS data on a company-specific, group and national basis; 4) Make recommendations for the enhancement and improvement of the content used in the Market Analysis Tools; and 5) Provide recommendations regarding the refinements and expansions to the MCAS data elements.—*Essential*
3. Develop data-reporting standards and data-editing protocols to ensure consistent collection and storage of market regulation data that are accurate, complete and conform to all NAIC standards.—*Essential*
4. 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.—*Essential*

NAIC Support Staff: Craig L. Leonard/Timothy B. Mullen

PROFESSIONAL HEALTH INSURANCE ADVISORS (D) TASK FORCE

The mission of the Professional Health Insurance Advisors is to identify, analyze and recommend options to the Executive (EX) Committee for addressing the negative impacts on health insurance brokers/agents, insurance consumers and insurance markets, prior to and as a result of, the Medical Loss Ratio (MLR) requirements of the Patient Protection and Affordable Care Act (PPACA) and the regulation as issued by the U.S. Department of Health and Human Services (HHS).—*Important*

Staff Support: Timothy B. Mullen/Andrew J. Beal

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; the Insurance Regulatory Information System (IRIS); financial analysis and solvency; multi-state examinations and examiner training; and issues concerning insurer insolvencies and insolvency guarantees. In addition, the Committee interacts with the technical task forces.

Ongoing Maintenance of NAIC Programs, Products or Services:

1. The Financial Condition (E) Committee will monitor all of the changes to the *Annual/Quarterly Statement Blanks and Instructions*, risk-based capital formulas, *Financial Condition Examiners Handbook*, *Accounting Practices and Procedures Manual*, *Financial Analysis Handbook*, *Purposes and Procedures Manual of the NAIC Securities Valuation Office*, NAIC model laws, NAIC accreditation standards and other NAIC publications. This charge is ongoing.—*Essential*
2. The **Financial Analysis (E) Working Group** will:
 - Analyze nationally significant insurers and groups that exhibit characteristics of trending toward or being financially troubled; determine if appropriate action is being taken.—*Essential*
 - 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).—*Essential*
 - Support, encourage, promote and coordinate multi-state efforts in addressing solvency problems, including identifying adverse industry trends, including coordination and consultation with the International Association of Insurance Supervisors (IAIS) Supervisory Forum.—*Essential*
 - 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.—*Essential*
 - Upon notice that a class of securities has been placed under regulatory review, the chair of Financial Analysis (E) Working Group, or his/her representative, will be deemed a member of the Invested Asset (E) Working Group of the Valuation of Securities (E) Task Force. The chair, or his/her representative, is charged with contributing the perspective and expertise of the regulatory group to the development of NAIC regulatory guidance for the security under review.—*Essential*
 - Incorporate guidance into the Financial Analysis Handbooks to assist analysts in reviewing Own Risk and Solvency Assessment (ORSA) summary reports.
3. The **Health Reform Solvency Impact (E) Subgroup** will:
 - Monitor and assess the solvency impacts/concerns for health insurers as a result of the federal Patient Protection and Affordable Health Care for America Act (PPACA) and recommend charges for the appropriate Financial Condition (E) Committee groups to address these impacts/concerns.—*Essential*
 - Develop a reconciliation between the Supplemental Health Care Exhibit and the Department of Health and Human Services Medical Loss Ratio rebate form for analysis / audit purposes for 2012 reporting year, and further determine whether a supplemental reconciliation reporting form should be developed for 2013 and beyond.—*Essential*

FINANCIAL CONDITION (E) COMMITTEE (*Continued*)

4. The **Investment of Insurers Model Act Revisions (E) Working Group** will study the need to modify the *Investments of Insurers Model Act – Defined Limits Version* (#280) and the *Investments of Insurers Model Act Defined Standards Version* (#283) by gathering input from all of the states regarding the use of the existing models and their effectiveness in addressing the issues that exist within insurers’ portfolios, particularly during this most recent economic downturn. The Working Group should consider in this study the IAIS standards on the same general topic as well as any issues that could arise from the federal Dodd-Frank Wall Street Reform and Consumer Protection Act. At the conclusion of such study, provide a recommendation to the Financial Condition (E) Committee, including a request for model law development/change, if the recommendation is for the NAIC to devote its resources to such an effort.—*Essential*
5. The **NAIC/AICPA (E) Working Group** will:
 - Continually review the Annual Financial Reporting Model Regulation (#205) and its corresponding implementation guide; revise as appropriate.—*Essential*
 - Address financial solvency issues by working with the American Institute of Certified Public Accountants (AICPA) and responding to the AICPA exposure drafts. This charge is ongoing.—*Essential*
 - Monitor the federal Sarbanes-Oxley Act, as well as rules and regulations promulgated by the U.S. Securities and Exchange Commission, the Public Company Accounting Oversight Board and other financial services regulatory entities.—*Essential*
 - Review annually the premium threshold amount included in Section 16 of the *Annual Financial Reporting Model Regulation* (#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.— *Essential*
6. The **National Treatment and Coordination (E) Working Group** will:
 - Increase utilization and implementation of the *Company Licensing Best Practices Handbook*.—*Essential*
 - Continue to reduce state-specific requirements, including the need for hardcopies, for the forms and supplemental information involved in Uniform Certificate of Authority Application (UCAA) and to streamline the application process.—*Essential*
 - Continue to enhance all electronic tools relating to UCAA to increase user-friendliness, accuracy and utility, and to increase its usage by the industry and regulators.—*Essential*
 - Address the future work items identified in the completion of the *Company Licensing Best Practices Handbook* project.—*Important*
 - In collaboration with the Speed to Market (EX) Task Force, encourage synergies between corporate changes/amendments and rate and form filing review and approval to improve efficiency.—*Important*
 - Analyze federal law development and the NAIC Solvency Modernization Initiative (SMI) for any needed modifications or revisions to the work of the National Treatment and Coordination (E) Working Group.—*Important*
 - In collaboration with the Corporate Governance (E) Working Group, 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. Define “key individuals.”—*Essential*

FINANCIAL CONDITION (E) COMMITTEE (*Continued*)

- Increase the uniformity of the third-party vendors that prepare background investigative reports to the state insurance departments that require background reports. Reduce the inefficiency of applications by developing procedures and approval processes.—*Important*
- In collaboration with the Group Solvency Issues (E) Working Group, develop procedures to implement a consolidated public hearing for acquisitions involving multiple jurisdictions under the NAIC *Insurance Holding Company System Regulatory Act* (#440) and *Insurance Holding Company System Model Regulation* (#450).—*Essential*

The **Rating Agency (E) Working Group** will:

- Monitor the implementation of recommendations resulting from the NAIC’s evaluation of the reliance on nationally recognized statistical rating organization (NRSRO) ratings. Provide a status of the recommendations to the Financial Condition (E) Committee at each NAIC national meeting until the majority of the recommendations have been implemented or disposed.—*Important*
- Evaluate whether the creditworthiness of a state, municipality or other public entity should take into account the unprecedented financial burdens many public sector issuers face from aging populations, public pension liabilities, infrastructure needs and revenue instability caused by financial and economic dislocations.
 - The diminished market share of monoline bond insurers (less than 10% of new issues are guaranteed, down from about 50% before the 2008 financial crisis), renders the valuation and credit risk assessment of many municipal bonds more difficult. As a result, the credit quality of insurers’ municipal bond portfolio is more opaque, and might require a more frequent and detailed reporting. Heightened reporting levels will enhance transparency and provide regulators with information sufficient to assess the creditworthiness of the issuer. Many municipal bonds without the guarantee are not actively traded, which also reduces (if not eliminates) any pricing discovery and accuracy the bonds might have had when insured and more liquid. An alternative valuation method might need to be developed, as the NAIC methodology of matrix pricing using comparable bonds might have limitations due to the difficulty of establishing benchmarks, in particular for small municipal issuers.—*Important*
 - Given the impact on municipal finances from the possible protracted equity market downturn, from expected losses in the commercial real estate market, and from the continuing foreclosures in residential real estate market, the credit assessment of municipal bond portfolios should assess the risk of unfunded pension and employee/retiree healthcare liabilities, as the growth rate of many government programs (e.g., healthcare, childcare, aged home care) generally exceeds the growth of government revenues. Continuing municipal fiscal burdens and pressures, and unprecedented burdens resulting from the baby boomer generation, might necessitate alternative views and assessments of municipal creditworthiness. Recent municipal defaults in South Carolina, Pennsylvania and Nevada illustrate the sensitivity of this time.—*Important*
 - Regulators should evaluate development of a series of indicators/scales prepared for regulators as warning signs in municipal issues (especially those without strong general obligation support). These indicators could include: i) Liquidity, given the thin secondary market and overall reduced quality of many issues, liquidity is an increasing concern; ii) Sustainability (as CALPERS and others have raised) on long portfolios, given pension, other post-employment benefits (OPEB) and social service programs; iii) Municipal tax capacity, whether the government has sufficient taxing capacity and authority to satisfy current and prospective obligations, as opposed to neighboring or “competitive” taxing authorities; iv) Scrutinize the risk among variant life terms of debt; and v) Establishment of thresholds or milestones for reserve adjustments.—*Important*

FINANCIAL CONDITION (E) COMMITTEE *(Continued)*

- Establish a process to monitor and evaluate acceptable rating organization (ARO) activities—*Important*.
A monitoring function would:
 - Provide information about product offerings and the direction of financial innovation.
 - Permit timely regulatory intervention to set regulatory treatment for risky securities differently than that suggested by their credit quality.
 - Promote, if not require, rating agency transparency of process, compensation, staff participation, and collateral underlying the security.
 - Determine the materiality of risks other than credit to financial solvency.
 - Monitor and assess the changes that the rating agencies are implementing, and whether ratings continue to correctly complement regulatory purposes.
- Examine the extent to which insurers rely on ratings instead of performing their own due diligence.—*Important*

7. The **Risk Focused Surveillance (E) Working Group** will:

- Continually review the effectiveness of risk-focused surveillance and develop enhancements to the implementation process as necessary.—*Essential*
- Oversee and monitor the Supervisory Best Practices Program where regulators review and provide feedback on completed risk-focused examinations in a peer-review format.—*Essential*
- Review the risk-focused examination process to determine the best way to increase the review of prospective risks and reduce unnecessary financial statement verification during an examination.—*Essential*
- Monitor the work of the Solvency Modernization Initiative (E) Task Force to determine which elements could impact risk focused surveillance.—*Essential*

8. The **Separate Account Risk (E) Working Group** will:

- Study the need to modify existing or develop new regulatory guidance related to separate accounts where, in recent years, various products and contract benefits have increased the risk to the general account. At the conclusion of such study, provide a recommendation to the Financial Condition (E) Committee, including a request for model law development/change if the recommendation is for the NAIC to devote its resources to such an effort.—*Important*
- Compare the U.S. generally accepted accounting principles (GAAP) definition and requirements for separate accounts to statutory accounting requirements, and use the results of this analysis to help discuss what should be allowed as insulated products.—*Essential*

9. The **Surplus Lines Financial Analysis (E) Working Group** will:

- Provide NAIC/IID financial staff guidance and expertise relative to regulatory policy and practices with respect to individual companies and Lloyd's syndicates that are either listed on or seeking admission to the *Quarterly Listing of Alien Insurers*. The working group refers suggestions to the IID Plan of Operation (C) Review Group regarding the IID Plan of Operation and its requirements relating to standards for inclusion on the reporting standards and forms of alien insurers desiring continued listing.—*Essential*

FINANCIAL CONDITION (E) COMMITTEE *(Continued)*

- The authority of the working group is limited to that of an advisory body, with a goal of formulating recommendations to the Chairs of the Surplus Lines (C) Task Force and Financial Condition (E) Committee for the appropriate regulatory response. Issues upon which the Surplus Lines Financial Analysis (E) Working Group may formulate a recommendation might include, but are not limited to approval or disapproval of applicants to the Quarterly Listing, delisting of listed insurers, changes to trust fund requirements, or placement of limitations or restrictions on a listed insurer's business activity in the United States.—*Essential*
- Provide NAIC/IID financial staff guidance and expertise relative to regulatory policy and practices with respect to individual companies and Lloyd's syndicates that are either listed on or seeking admission to the Quarterly Listing. This charge is on-going and will be assumed by the Surplus Lines Financial Analysis (E) Working Group.—*Ongoing*
- Refer suggestions to the IID Plan of Operation (C) Review Group regarding the IID Plan of Operation and its requirements relating to standards for inclusion on the NAIC *Quarterly Listing of Alien Insurers*. Additionally, refer suggestions for improvements for the IID annual reporting standards and forms.—*Essential*

New Objectives and Goals *(representing new NAIC programs, services or initiatives):*

10. Appoint the **Captive and Special Purpose Vehicle Use (E) Subgroup** to study insurers' use of captives and special purpose vehicles to transfer insurance risk, other than self-insured risk, in relation to existing state laws and regulations and establish appropriate regulatory requirements to address concerns identified in this study. The appropriate regulatory requirements may involve modifications to existing NAIC model laws and/or generation of a new NAIC model law.—*Essential*
11. Appoint the **Own Risk and Solvency Assessment (ORSA) (E) Subgroup** to:
 - Create an ORSA Feedback Pilot Project in 2012 for five to ten undisclosed groups to voluntarily submit an ORSA Summary Report for regulatory review under a confidentiality agreement in order for regulators to be able to provide some high-level (non-group specific) feedback to industry prior to the actual ORSA Summary Report effective date.—*Essential*
 - Develop an enterprise risk management (ERM) education program where regulators will benefit from additional guidance and/or training and then facilitate a delivery method to provide such applicable assistance.—*Essential*
 - Develop a glossary to include in the *NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual* to provide clarification of terminology.—*Essential*
 - Study the need for the NAIC to hire an ERM expert to provide staff support and future maintenance of the NAIC guidance on ERM and ORSA, and to provide assistance and training to states as they implement examination and analysis of ORSA.—*Essential*

NAIC Support Staff: Todd Sells/Ryan Couch

AIG MANAGING (E) TASK FORCE

The mission of the AIG Managing (E) Task Force is to oversee the regulatory activities related to the AIG insurance subsidiaries and coordinating interaction among state regulators, federal government officials, company representatives, and international regulatory interests.

Ongoing Support of NAIC Programs, Products or Services:

1. This Task Force is charged with managing the NAIC and state regulatory activities related to the AIG insurance subsidiaries.—*Essential*
2. The Task Force will utilize an **AIG Life (E) Working Group** to ensure the specific regulatory concerns regarding the 17 life insurers in the AIG group are adequately addressed in the overall AIG plan and its implementation.—*Essential*

NAIC Support Staff: Todd Sells

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 and to modify the *Accounting Practices and Procedures Manual* to reflect changes necessitated by task force action and to study innovative insurer accounting practices which affect the ability of regulators to determine the true financial condition of insurers.

Ongoing Support of NAIC Programs, Products or Services:

1. The **Emerging Accounting Issues (E) Working Group** will:
 - Provide authoritative guidance on current statutory accounting issues, generally relating to application, interpretation and clarification of existing statutory accounting principles, by conducting meetings at NAIC national meeting sites and other meetings and conference calls when necessary.—*Essential*
 - Evaluate individual statutory accounting issues based on its established two-meeting timeline and report its findings to the Accounting Practices and Procedures (E) Task Force.—*Essential*
2. The **Statutory Accounting Principles (E) Working Group** will:
 - Maintain codified statutory accounting principles by providing periodic updates to the guidance that address new statutory issues and new GAAP pronouncements as they develop.—*Essential*
 - At the discretion of the chair, comment on exposed GAAP pronouncements affecting financial accounting and reporting.—*Essential*
 - Report its findings relative to these developing issues to the Accounting Practices and Procedures (E) Task Force.—*Essential*
 - When a class of securities is being reviewed by the Invested Assets (E) Working Group, the chair of the Statutory Accounting Principles (E) Working Group, or his or her representative, will be deemed a member of the Invested Asset (E) Working Group of the Valuation of Securities (E) Task Force. The chair, or his/her representative, is charged with contributing the applicable perspective and expertise of the regulatory group to the development of NAIC regulatory guidance for the security under review by the Invested Asset (E) Working Group.—*Essential*
 - Provide comments on issues related to evaluating and or implementing to International Financial Reporting Standards (IFRS) for possible U.S. statutory accounting use and provide input on the solvency modernization project as it relates to accounting and reporting issues.—*Important*
3. The **Blanks (E) Working Group** will:
 - 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) to develop reporting formats for other entities subject to the jurisdiction of state insurance departments; 3) to conform the various NAIC blanks and instructions to adopted NAIC policy; and 4) to oversee the development of additional reporting formats within the existing annual statements as needs are identified.—*Essential*
 - Continue to monitor state filing checklists to maintain current filing requirements.—*Essential*
 - Continue to monitor the quality of financial data filed by insurance companies and recommend improved or additional languages for the *Annual Statement Instructions* to improve the quality of these filings.—*Essential*

ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE *(Continued)*

- 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 financial annual statements and/or instructions.—*Essential*
 - 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.—*Essential*
 - When a class of securities is being reviewed by the Invested Asset (E) Working Group, the chair of Blanks (E) Working Group, or his/her representative, will be deemed a member of the Invested Asset (E) Working Group of the Valuation of Securities (E) Task Force. The chair, or his/her representative, is charged with contributing the applicable perspective and expertise of the regulatory group to the development of NAIC regulatory guidance for the security under review by the Invested Assets (E) Working Group.—*Essential*
4. The **Property and Casualty Reinsurance (E) Study Group** will:
- Evaluate, on an ongoing basis, all issues and questions related to the accounting for, or annual statement reporting of, reinsurance transactions that might affect SSAP No. 62R—Property and Casualty Reinsurance or other portions of the *Accounting Practices and Procedures Manual*, and make appropriate recommendations to the Accounting Practices and Procedures (E) Task Force.—*Essential*
 - Monitor, on an ongoing basis, the development of “alternative risk transfer mechanisms” and consider whether broader annual statement disclosure might be appropriate.—*Essential*

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. Evaluate refinements to the existing NAIC risk-based capital (RBC) formulas implemented in 2011. Forward final version of the structure of the 2012 life, property/casualty, health and fraternal RBC formulas to Financial Condition (E) Committee by June 2012.—*Essential*
2. Consider proposals for structural changes to the RBC formulas (including proposals related the NAIC Solvency Modernization Initiative) submitted by the working groups/subgroups. Proposed structural changes to the 2012 formulas that are received by the 2011 Fall National Meeting will be considered for adoption by the Capital Adequacy (E) Task Force, and adopted changes will be forwarded to Financial Condition (E) Committee by March 2012.—*Essential*
3. 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 2011 RBC filings at the summer and fall national meetings.—*Essential*
4. Monitor changes in accounting and reporting requirements resulting from the adoption and continuing maintenance of the revised *Accounting Practices and Procedures Manual* to ensure that model laws, publications, formulas, analysis tools, etc., supported by the Capital Adequacy (E) Task Force continue to meet regulatory objectives.—*Essential*
5. Evaluate emerging “risk” issues for referral to the risk-based capital 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.—*Essential*
6. Conduct a regulatory review of the 2008, 2009, 2010 and 2011 RBC filings and associated company records in order to assess the impact resulting from implementation of the principle-based changes to the life RBC formula. Monitor implementation and impact of the adopted changes, as well as provide responses to the Principles-Based Reserving (E) Working Group, regarding how the proposed expansion to the principle-based approach affects all of the RBC formulas. Also develop and review disclosure-documentation and governance protocols to be used by regulators and companies.—*Essential*
7. When a class of securities is being reviewed by the Invested Assets (E) Working Group, the chair of Capital Adequacy (E) Task Force, or his/her representative, will be deemed a member of the Invested Asset (E) Working Group of the Valuation of Securities (E) Task Force. The chair, or his/her representative, is charged with contributing the applicable perspective and expertise of the regulatory group to the development of NAIC regulatory guidance for the security under review by the Invested Assets (E) Working Group.—*Essential*

NAIC Support Staff: Dan Swanson

EXAMINATION OVERSIGHT (E) TASK FORCE

The mission of the Examination Oversight (E) Task Force is to monitor all aspects of the financial examination process and to identify, investigate and develop solutions to problems related to financial examinations; to monitor and refine the IRIS ratios and the Financial Analysis Solvency Tools, including Company Profiles, FAST ratio scoring system and the *Financial Analysis Handbook*; to oversee the Analyst Team Project; to review details of examination surveillance process; to monitor the development of tests for determining when a financial examination of an insurer is necessary; to establish procedures for flow of information between states about troubled companies; to enhance the quality and timeliness of financial examinations and monitor additions to the *Financial Condition Examiners Handbook* covering this area; and to monitor the examination schedules in various states and assist the states in developing methods to maintain current schedules.

Ongoing Support of NAIC Programs, Products or Services:

1. The Examination Oversight (E) Task Force will:

- Provide ongoing maintenance and enhancements to the Form A Database, monitor the usage and encourage state participation.—*Essential*
- Provide input and comments to the International Association of Insurance Supervisors (IAIS) or other related groups on issues regarding international risk-management concepts; coordinate such comments with the International Solvency and Accounting (E) Working Group.—*Important*
- Recommend salary rate adjustments for examiners.—*Essential*
- Provide ongoing maintenance and enhancements to the NAIC Lead State Summary Report tool and encourage coordination with solvency matters.—*Essential*

2. The Analyst Team System Oversight (E) Working Group will:

Monitor the work performed by the Analyst Team and the progress of any changes made to the Analyst Team Project.—*Essential*

3. The Climate Change and Global Warming (E) Working Group will:

- Review the enterprise risk management efforts by carriers and how they may be impacted by climate change and global warming.—*Essential*
- Investigate and receive information regarding the use of modeling by carriers and their reinsurers concerning climate change and global warming and its possible impact on investments.—*Important*
- Review the impact of climate change and global warming on insurance investments through a presentation by interested parties.—*Important*

4. The IT Examination (E) Working Group will

- Monitor state usage of automated examination tools (ACL and TeamMate), technology changes and emerging issues in order to re-evaluate examination processes and keep states abreast of the latest tools, techniques and training.—*Essential*
- Enhance current training opportunities for auditing tools and techniques: IT Examination, Introductory ACL, Advanced ACL and TeamMate. Continue offering on-site training programs that are available to the states upon request.—*Essential*

EXAMINATION OVERSIGHT (E) TASK FORCE (*Continued*)

- 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*.—*Essential*
 - Develop and maintain tools that will be part of a more complete IT examination process.—*Important*
5. The **Financial Analysis Research and Development Working Group** will:
- Provide ongoing maintenance and enhancements to the automated financial solvency tools developed to assist in monitoring the financial condition of insurance companies. Prioritize analysis and examination efforts to ensure the tools remain reliable and accurate.—*Essential*
 - Review current financial analysis solvency tools for life insurance companies, for consideration of risk with reserve liabilities as affected by principle-based reserving standards; make appropriate enhancements as necessary.—*Important*
6. The **Financial Analysis Handbook (E) Working Group** will:
- Provide ongoing maintenance and enhancements to the *Financial Analysis Handbook* and related applications for changes to the NAIC annual/quarterly statement blanks, as well as coordinate and analyze input received from other state regulators.—*Essential*
 - Continue to incorporate the assessment of risk and risk management into the financial analysis oversight role.—*Essential*
 - Review current guidance in the *Financial Analysis Handbook* regarding the analysis of reserve liabilities for life insurance companies and make appropriate revisions based on the finalized principles-based reserving standards.—*Important*
 - Continue incorporating enhancements that encourage coordination of analysis activities within holding company groups.—*Essential*
 - Incorporate guidance into the *Financial Analysis Handbooks* to assist analysts in reviewing Own Risk and Solvency Assessment (ORSA) Summary Reports.—*Essential*
6. The **Financial Examiners Coordination (E) Working Group** will:
- Develop enhancements that encourage coordination of examination activities with regard to holding company groups.—*Essential*
 - 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.—*Essential*
 - Provide ongoing maintenance and enhancements to the Examination Tracking System (ETS). The Working Group also will provide reports to the Examination Oversight (E) Task Force regarding usage of ETS, including examination and coordination statistics.—*Essential*
7. The **Financial Examiners Handbook (E) Technical Group** will:
- Continue incorporating the assessment of risk and risk management into the financial solvency oversight role.—*Essential*
 - Continually review the *Financial Condition Examiners Handbook* and revise, as appropriate.—*Essential*

EXAMINATION OVERSIGHT (E) TASK FORCE *(Continued)*

- Review annually the examination procedures included within the *Financial Condition Examiners Handbook* for updates in response to revisions to the *Accounting Practices and Procedures Manual*.—*Essential*
- Continually review the *Annual Financial Reporting Model Regulation* (#205) and its related Implementation Guide and revise the *Financial Condition Examiners Handbook*, as appropriate.—*Essential*
- Coordinate with the Risk-Focused Surveillance (E) Working Group to monitor the implementation of the revised risk-assessment process by developing additional guidance and exhibits within the *Financial Examiners Handbook* as needed to assist examiners in completing financial condition examinations.—*Important*
- Review current guidance in the *Financial Condition Examiners Handbook* regarding the examination of reserve liabilities for life insurance companies and recommend appropriate revisions based on the finalized principles-based reserving standards.—*Important*
- Upon notice that a class of securities has been placed under regulatory review, the chair of the Financial Examiners Handbook (E) Working Group or his/her representative will be deemed a member of the Invested Asset (E) Working Group of the Valuation of Securities (E) Task Force. The chair or his/her representative is charged with contributing the perspective and expertise of the regulatory group to the development of NAIC regulatory guidance for the security under review.—*Important*
- Incorporate guidance into the *Financial Condition Examiners Handbook* to assist examiners in reviewing Own Risk and Solvency Assessment (ORSA) Summary Reports.—*Essential*
- Consider the current examination processes and procedures related to separate accounts products/assets to ensure that adequate consideration is given to potential risks arising from these accounts. Additionally, consider the recent changes in the *Financial Analysis Handbooks* and how to leverage the analyst's work to identify areas for examination activities.—*Essential*

NAIC Support Staff: Bruce Jenson/David Vacca

RECEIVERSHIP AND INSOLVENCY (E) TASK FORCE

The mission of the Receivership and Insolvency (E) Task Force shall be administrative and substantive as they relate 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. Promote and monitor the adoption activity related to the *Insurer Receivership Model Act* (#555), *Property and Casualty Guaranty Association Model Act* (#540), *Life and Health Insurance Guaranty Association Model Act* (#520), and the *Notice of Protection by [State] Life and Health Insurance Guaranty Association* (#1525); provide assistance with the models or guidelines as requested; monitor the frequency of situations where policies exceed the guaranty fund coverage limits; and perform additional work as directed by the Financial Condition (E) Committee and/or received through referral by other parties.—*Essential*
2. Promote receivership best practices through technical assistance with NAIC training programs, accreditation standards and the judicial training project; updates to the *Receiver's Handbook for Insurance Company Insolvencies* and the Uniform Data Standards, when needed; maintenance and enhancement of existing receivership technology applications, including the Global Receivership Information Database (GRID) and ClaimNet; coordination with stakeholders.—*Essential*
3. Identify and recommend possible solutions to address timing and collection concerns with reinsurance recoverables held by insurers in receivership.—*Essential*
4. Study receivership issues related to separate accounts, including the referral from the Separate Accounts Risk Charge (E) Working Group and report on possible solutions and consider reporting needs for the current separate accounts mix of products and assets due to consideration with respect to insulated and non-insulated products/assets.—*Essential*
5. Review and consider portions of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act to determine what, if any state laws, regulations or procedures are necessary for state receivers and the NAIC to be prepared for its requirements related to receivership activities, as well as to monitor, review and provide input on federal rulemaking and studies related to insurance receivership.—*Essential*
6. Monitor nationally significant insurers/groups within receivership to support, encourage, promote and coordinate multi-state 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 action(s) with regard to the receiverships.—*Essential*

NAIC Support Staff: David Vacca

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 working groups, specifically the International Insurance Relations (G) Committee.

Ongoing Support of NAIC Programs, Products or Services:

1. Monitor and coordinate activities and areas of interest that overlap to some extent with the charges of other NAIC groups, specifically the International Insurance Relations (G) Committee.—*Essential*
2. Provide a forum for the consideration of reinsurance-related issues of public policy.—*Essential*
3. Provide guidance to the Financial Regulation Standards and Accreditation (F) Committee with respect to key elements of the revised *Credit for Reinsurance Model Law* (#785) and *Credit for Reinsurance Model Regulation* (#786) to be considered for the purposes of the NAIC a Financial Regulation Standards and Accreditation program.—*Essential*
4. Develop an NAIC process to evaluate the reinsurance supervisory systems of non-U.S. jurisdictions, for the purposes of developing and maintaining a list that includes any such jurisdiction that is recommended by the NAIC for recognition by the states as a qualified jurisdiction in accordance with the revised Model #785 and Model #786, under which an assuming insurer licensed and domiciled in a qualified jurisdiction is eligible to be considered for certification by a state as a certified reinsurer. —*Essential*
5. Form a new NAIC group to provide advisory support and assistance to the 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. Such an effort will be supported by NAIC staff with substantial expertise to support the functions of such a group.—*Essential*
6. Develop reporting instructions for forms CR-F and CR-S applicable to certified reinsurers under the revised Model 785 and Model 786.—*Essential*
7. Consider any other issues related to the revised Model 785 and Model 786.—*Important*
8. Study issues regarding regulatory support for the collection of undisputed reinsurance recoverable balances held by insurers in receivership. Consider any appropriate NAIC action, which might include NAIC model law or guideline development.—*Important*
9. Monitor the activities of the Property and Casualty Reinsurance (E) Study Group for matters that should be considered by the Reinsurance (E) Task Force.—*Important*
10. 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, Reinsurance Mutual Recognition Subgroup and Reinsurance Transparency Group.—*Important*
11. Consider the impact of reinsurance-related federal legislation, including but not limited to the Nonadmitted and Reinsurance Reform Act and the Federal Insurance Office Act, and coordinate any appropriate NAIC action.—*Important*

NAIC Support Staff: Rob Esson

RISK RETENTION GROUP (E) TASK FORCE

The mission of the Risk Retention Group (E) Task Force is as follows:

Ongoing Support of NAIC Programs, Products or Services:

1. 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.—*Important*
2. Work with captive states and RRG examiners to develop best-practices that may be considered when performing risk-focused examinations of RRGs.—*Important*
3. Monitor and analyze federal actions, include the Government Accountability Office report that is anticipated to be completed and released in December 2011. Consider any action necessary as a result of the report.—*Important*

NAIC Support Staff: Julie L. Glaszczak

SOLVENCY MODERNIZATION INITIATIVE (E) TASK FORCE

The mission of the Solvency Modernization Initiative (E) Task Force is to coordinate all NAIC efforts to successfully accomplish the goals of the Solvency Modernization Initiative. The Task Force will coordinate, collaborate and utilize the technical expertise of other NAIC groups, particularly for the five focus areas of the Solvency Modernization Initiative, as follows:

- Capital Requirements: Capital Adequacy (E) Task Force;
- Governance and Risk Management: Corporate Governance (E) Working Group and the Group Solvency Issues (E) Working Group
- Group Supervision: Group Solvency Issues (E) Working Group;
- Statutory Accounting and Financial Reporting (including international accounting and valuation issues): the International Solvency and Accounting Standards (E) Working Group and the Principles-Based Reserving (E) Working Group; and,
- Reinsurance: Reinsurance (E) Task Force.

Ongoing Maintenance of NAIC Programs, Products or Services:

1. Provide oversight to the **International Solvency and Accounting Standards (E) Working Group** and its charges to do the following:

- Assist the Task Force with the Statutory Accounting and Financial Reporting focus area in the Solvency Modernization Initiative.
- Critically review and provide input and drafting to the International Association of Insurance Supervisors (IAIS) Insurance Contracts Subcommittee; IAIS Solvency and Actuarial Issues Subcommittee; and on IAIS papers as assigned by the parent Task Force. From this work, identify future initiatives to improve our regulatory solvency system.
- Analyze other financial supervisory modernization initiatives, to the extent appropriate. Analysis should include the International Accounting Standards Board (IASB) accounting standards development.
- Monitor and provide comments directly or to the IAIS on the IASB developments and on the IASB and Financial Accounting Standards Board (FASB) joint convergence projects related to insurance accounting issues. Coordinate with the Statutory Accounting Principles (E) Working Group to provide responses to the FASB on joint projects; and
- Report findings relative to these developing issues to the Accounting Practices and Procedures (E) Task Force.
- In consultation with the Statutory Accounting Principles (E) Working Group, monitor international and national accounting standards development and Securities and Exchange Commission (SEC) policy decisions and develop a recommendation to the NAIC membership regarding the future of U.S. statutory accounting.

—*Essential*

2. Provide oversight to the **Group Solvency Issues (E) Working Group** and its charges to do the following:

- Assist the Task Force with the group focus area in the Solvency Modernization Initiative.
- Study the need to develop group-wide supervision, which may include group-wide capital requirements. The study should consider possible approaches to such capital requirements, including how capital for financial conglomerates and non-regulated entities is calculated.
- Monitor state insurance regulators supervisory college activity and recommend courses of action for other methods of communication and coordination among cross-border (including cross-state) and cross-sectoral supervisors, if needed.

SOLVENCY MODERNIZATION INITIATIVE (E) TASK FORCE *(Continued)*

- Critically review and provide input and drafting to the IAIS Insurance Groups and Cross-Sectoral Issues Subcommittee or on other IAIS papers as assigned by the parent Task Force. From this work, identify future initiatives to improve our regulatory solvency system.
- Consider the development of a regulatory resource such as the Own Risk and Solvency Assessment (ORSA) to assess and monitor insurers' and groups' risk management processes.

—*Essential*

3. Provide oversight to the **Principles-Based Reserving (E) Working Group** and its charges to do the following:

- Serve as a coordinating body with all NAIC technical groups involved with projects related to a principle-based approach to regulation and assist the Task Force with the “insurance valuation” focus area in the Solvency Modernization Initiative.
- Consider policy and practice issues related to principle-based regulation for life insurance, including but not limited to the impact on areas such as corporate governance, examination and analysis, as well as staff resources and other insurance department administrative concerns.
- Focus on balancing theoretical approaches with effective regulatory practices to achieve desired end-results in solvency monitoring efforts, and further coordinate with NAIC leadership to provide direction to NAIC technical groups, including, setting timelines for such pursuit, and ensuring other issues are addressed concurrently with implementation of principle-based approaches by the technical groups.
- Evaluate necessary changes to existing state insurance laws, regulations or administrative policies to effectuate a principle-based regulatory framework
- Critically review and provide input and drafting on the IAIS papers, as assigned by the parent Task Force. From this work, identify future initiatives to improve our regulatory solvency system.

—*Essential*

4. Provide oversight to the **Corporate Governance (E) Working Group** and its charges to do the following:

- Outline high-level corporate governance principles. Determine the appropriate methodology to evaluate adherence to such principles, giving due consideration to development of a model law.
 - Analyze the requirements, regulatory initiatives and best practices of the states, other countries and regulators, and the insurance industry, to assist in principle development.
- Develop additional regulatory guidance including detailed best practices for the corporate governance of insurers.
- Review the current IAIS principles and standards related to corporate governance. Critically review and provide input and drafting to the IAIS Governance and Compliance Subcommittee, and on other IAIS papers as assigned by the parent Task Force. From this work, identify future initiatives to improve our regulatory solvency system.
- Consider the development of insurance regulatory education for members of insurers' Boards of Directors.

—*Essential*

5. Monitor solvency-related IAIS work products and assign papers to working groups to submit comments to the IAIS. Additionally, the Working Groups should review the papers and recommend whether and/or how the ideas in those papers should be implemented in the U.S. regulatory solvency system.—*Essential*

6. Communicate and coordinate with the International Insurance Relations (G) Committee and provide technical support to the Committee as needed.—*Essential*

SOLVENCY MODERNIZATION INITIATIVE (E) TASK FORCE *(Continued)*

7. Report the status of its work to the Executive Committee at each National Meeting.—*Essential*
8. Address the relevant Financial Sector Assessment Program (FSAP) recommendations in the NAIC Implementation Plan.—*Essential*

NAIC Support Staff: Kris DeFrain/Todd Sells

VALUATION OF SECURITIES (E) TASK FORCE

The mission of the Valuation of Securities (E) Task Force is to provide regulatory leadership and expertise on investment risk. The Task Force formulates policy recommendations and administrative instructions to regulate investments and investment risk. The Task Force also formulates NAIC policy that governs how analytical tools — for example, credit assessment, valuation and classification of insurer-owned securities — is employed and how analytical insight into investment risk is applied for regulation. The Task Force is supported by the NAIC Securities Valuation Office (SVO), which functions in accordance with instructions adopted by the Task Force and contained in the *Purposes and Procedures Manual of the NAIC Securities Valuation Office* (the *Purposes and Procedures Manual*).

Ongoing Support of NAIC Programs, Products or Services:

1. Review insurers' existing and/or anticipated investments and determine the appropriate credit assessment, valuation or other procedures that should be applied in such analysis. Coordinate the process by which statutory accounting, annual statement instructions, blanks reporting, asset and interest maintenance reserving, risk-based capital and other applicable guidance is formulated.—*Essential*
2. As necessary, consider improvements to the process by which risks in invested assets are evaluated, communicated and monitored, and how the annual statement investment schedules could be made to better reflect risks embedded in securities.—*Essential*
3. Evaluate and resolve issues raised by state insurance regulators involving investments made by the insurance industry.—*Essential*
4. Serve as the primary NAIC contact point into the regulator process for insurance companies, their investment advisors and other market participants.—*Essential*
5. Consider and determine proposals to amend the *Purposes and Procedures Manual of the NAIC Securities Valuation Office*.—*Essential*
6. Provide interpretations of the instructions contained in the *Purposes and Procedures Manual Purposes and Procedures Manual of the NAIC Securities Valuation Office*.—*Essential*
7. Monitor changes in accounting and reporting requirements resulting from continuing maintenance of the *Accounting Practices and Procedures Manual* to ensure that the *Purposes and Procedures Manual of the NAIC Securities Valuation Office* continues to reflect regulatory objectives.—*Essential*
8. Review and monitor ongoing operations of the SVO. From time to time, the Valuation of Securities (E) Task Force may review any instruction, procedure or methodology in the *Purposes and Procedures Manual of the NAIC Securities Valuation Office* to ensure it continues to reflect regulatory objectives. In this review and monitoring function, the Valuation of Securities Task Force shall coordinate administrative issues with the Internal Administration (EX1) Subcommittee and other issues with the appropriate NAIC committee.—*Essential*
9. The **Invested Asset (E) Working Group** will:
 - Consider improvements to the process by which risks in new invested assets are evaluated, communicated and monitored, and how the annual statement investment schedules could be made more transparent to better reflect non-credit risks, such as various structural risks embedded in new and existing securities.—*Essential*

VALUATION OF SECURITIES (E) TASK FORCE *(Continued)*

- As a standing NAIC working group, provide continuity in and manage NAIC processes related to the development of regulatory rules to address new investment structures.—*Essential*
This includes:
 - Serving as the primary NAIC contact point into the regulatory process for insurance companies, their investment advisors and other market participants.
 - Creating and maintaining a framework and the necessary procedures and processes to conduct technical assessments of investment risks in investment products eligible for purchase by insurance companies.
 - Developing and maintaining knowledge and expertise about investment risks and issues, as well as SVO operations and capabilities.
 - Guiding the development of the technology platform of the SVO to ensure the development, implementation and evolution of systems and tools that adequately support NAIC financial solvency objectives.
 - Serving as the primary NAIC regulatory resource to alert the NAIC regulatory community of the identification of regulatory issues and concerns in specific investments or in investments generally.
 - Ensuring that the process by which risks in invested assets are evaluated, communicated and monitored is updated as necessary to permit a timely and comprehensive response to requests for regulatory guidance.
 - Ensuring that the NAIC framework for investment risks in all annual statement investment schedules and reporting instructions captures relevant information of investment risks in insurer-owned securities.
 - Performing or conducting such other ancillary or related activities that are consistent with its mission and charge.
- Meet with SVO staff on a regular basis, in sessions that are either open or regulator-to-regulator, in accordance with, and within the parameters of, the NAIC Policy Statement on Open Meetings.—*Essential*
During these sessions, the Working Group shall consult on:
 - SVO operations.
 - Risks in investment or investment trends identified by the SVO.
 - Regulatory practices and regulatory sensitivities that should serve as inputs in the conduct of SVO analytical responsibilities.
 - Market signals and information that warrant scrutiny for possible regulatory relevance.

NAIC Support Staff: Chris Evangel/Robert Carcano/Richard P. Newman

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 Accreditation Program, including without limitation, consideration of standards and revisions of standards for accreditation; interpretation of standards; evaluating and interpretation of states' laws and regulations, and departments' practices, procedures and organizations as they relate to compliance with standards; examining of members for compliance with standards; developing and overseeing procedures for examining members for compliance with standards; selecting qualified individuals to examine members for compliance with standards; and making decisions regarding whether to accredit members.

Ongoing Support of NAIC Programs, Products or Services:

1. Maintain and strengthen the NAIC Financial Regulation Standards and Accreditation Program.—*Essential*
2. Assist the states, as requested and as appropriate, in implementing laws, practices and procedures, and with obtaining personnel required for compliance with the standards.—*Essential*
3. Conduct a yearly review of accredited jurisdictions.—*Essential*
4. 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.—*Essential*
5. Render advisory opinions and interpretations of model laws required for accreditation and on substantial similarity of state laws.—*Essential*
6. Review existing standards for effectiveness and relevancy and make recommendations for change, if appropriate.—*Essential*
7. Produce, maintain and update the “NAIC Administrative Policies Manual of the Financial Regulation Standards and Accreditation Program” to provide guidance to state regulators regarding the official standards, policies and procedures of the program.—*Essential*
8. Maintain and update the NAIC’s “Financial Regulation Standards and Accreditation Program” pamphlet.—*Essential*
9. Perform enhanced pre-accreditation review services including, but not limited to, additional staff support, increased participation, enhanced report recommendations and informal feedback.—*Essential*

NAIC Support Staff: Julie L. Glaszczak/Mike Sindel

INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE

The mission of the International Insurance Relations (G) Committee is to strengthen the international insurance regulatory system and provide a forum for cooperative efforts between the NAIC, international regulators, and multi-national associations of regulators on issues of mutual interest. The Committee also provides support to the federal government, including the Federal Insurance Office (FIO), in insurance related international trade issues.

Ongoing Support of NAIC Programs, Products or Services:

1. Develop NAIC policy and participate in the work of the International Association of Insurance Supervisors (IAIS) by attending relevant committee, subcommittee and task force meetings. Enhance transparency at the IAIS and facilitate the drafting and commenting on papers that hold a common topical interest, including solvency, accounting, reinsurance, group supervision, market conduct, corporate governance and other aspects of regulation of the business of insurance. Also, attend the IAIS Annual Conference and interim meetings and present relevant topics at regional training programs.—*Essential*
2. Participate in the Joint Forum and monitor and contribute, where appropriate, to the Financial Stability Board (FSB) and G-20 by coordinating with U.S. financial regulators and by attending meetings to represent the views of U.S. insurance regulators in discussions of issues of significance to insurance commissioners, and by developing NAIC policy and commenting on guidance and principles papers of common interest.—*Essential*
3. Appoint the **International Regulatory Cooperation (G) Working Group** to strengthen international regulatory systems by interacting with international regulators; reviewing proposed laws and regulations for insurance supervisors in countries changing their regulatory structure and those with emerging economies; conducting an International Fellows Program and educational (technical assistance) seminars to provide an understanding of the U.S. system of regulation; and establishing fellowship opportunities between U.S. and foreign insurance regulatory bodies. In furtherance of this objective, regularly consult with insurance supervisors from other jurisdictions. Communicate regularly and establish working relationships with the U.S. government, the private sector and international organizations to coordinate efforts whenever possible to provide more efficient and effective technical assistance.—*Essential*
4. Continue to monitor the insurance aspects associated with the North American Free Trade Agreement (NAFTA) and the Security and Prosperity Partnership (SPP). Work to enhance the availability and affordability of cross-border motor carrier insurance, including trucking, personal auto and bus, and the associated topics of health and workers' compensation insurance, and related legal developments. Coordinate state efforts to meeting U.S. trade objectives through coordination between the NAFTA Trilateral Insurance Working Group and the NAFTA Financial Services Committee; and through insurance training programs and ongoing research of the laws and regulations of Canada, Mexico and the U.S., work toward increased harmonization and uniformity and the creation of a seamless market.—*Essential*
5. Monitor trading partners discussions by the Office of the United States Trade Representative (USTR) officials regarding multi-lateral trade agreements through the World Trade Organization (WTO)—including the General Agreement on Trade in Services (GATS)—and regional and bilateral trade negotiations by participating in the dialogues and information exchange; attending meetings with appropriate federal representatives; and reviewing and commenting on documents generated through trade discussions. Timetable is dependent on federal government, but an update will be provided at each national meeting. Also, assist USTR, Department of Commerce, Treasury Department (including the FIO) and other U.S. officials, as requested, by responding to requests for information; and engage in implementation efforts under existing trade agreements. Review the remaining GATS reservations in light of regulatory modernization efforts to assist USTR with fruitful negotiations.—*Essential*

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

6. Participate in the Organization for Economic Cooperation and Development (OECD) Insurance and Private Pensions Committee and subcommittee meetings, held in summer and winter at the invitation of the U.S. government, by attending meetings, drafting and commenting on insurance-related papers, acting as a coordinating body in the completion of statistical questionnaires, and presenting the U.S. system of insurance regulation.—*Essential*
7. Maintain regular prudential dialogues with non-U.S. insurance supervisors to address issues of mutual concern and to educate each other about our regulatory systems; discuss domestic regulatory issues; coordinate involvement in international forums, such as IAIS, OECD, Joint Forum and FSB; explore ways of achieving convergence of insurance supervision; and facilitate exchange of information among regulators to enhance domestic regulation.—*Essential*
8. Continue to develop a comprehensive response to and coordinate appropriate follow-up on the recommendations in the Financial Sector Assessment Program (FSAP) Detailed Assessment Report, including referral of specific issues for consideration by other NAIC working parties.—*Essential*

NAIC Support Staff: Eric Thompson

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.

NAIC Support Staff: Timothy B. Mullen/Lois 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 regulators and insurance industry representatives.

NAIC Support Staff: Mark Sagat

NAIC/STATE GOVERNMENT LIAISON COMMITTEE

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

NAIC Support Staff: Mark Sagat

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