

**PROCEDURES OF THE FINANCIAL ANALYSIS HANDBOOK (E) WORKING
GROUP IN CONNECTION WITH PROPOSED AMENDMENTS TO THE
*FINANCIAL ANALYSIS HANDBOOK***

The following establishes procedures of the Financial Analysis Handbook (E) Working Group (“the Working Group”) for proposed changes, amendments and/or modifications to the NAIC *Financial Analysis Handbook* (“the Handbook”).

1. The Working Group may consider relevant proposals to change the Handbook at any conference call, interim or national meeting (“the meeting”) throughout the year as scheduled by the Working Group.
2. If a proposal for suggested changes, amendments and/or modifications is submitted to, or filed with, NAIC staff support it may be considered at the next regularly scheduled meeting of the Working Group.
3. The Working Group publishes a formal submission form and instructions that can be used to submit proposals and is available on the Group’s webpage. However, proposals may also be submitted in an alternate format provided that they are stated in a concise and complete format. In addition, if another NAIC committee, task force or working group is known to have considered this proposal, that committee, task force or working group should provide any relevant information.
4. Any proposal that would change the Handbook will be effective for analysis conducted in the year following the NAIC Fall National Meeting (i.e. of the preceding year) in which it was adopted (e.g., a change proposed to be effective January 1, 2018 must be adopted no later than the 2017 Fall National Meeting).
5. Upon receipt of a proposal, the Working Group will review the proposal at the next scheduled meeting and determine whether to consider the proposal for public comment. The public comment period shall be thirty days unless extended by the Working Group. The Working Group will consider comments received on each proposal at its next meeting and take action. Proposals under consideration may be deferred by the Working Group until the following scheduled meeting. The Working Group may form an ad hoc group to study the proposal, if needed. The Working Group may also refer proposals to other NAIC committees for technical expertise or review. If a proposal has been referred to another NAIC committee, the proposal will come off the Working Group’s agenda until a response has been received.
6. NAIC staff support will prepare an agenda inclusive of all proposed changes. The agenda and relevant materials shall be sent via e-mail to each member of the Working Group, interested regulators and interested parties and posted to the Working Group’s webpage approximately 5-10 business days prior to the next regularly scheduled meeting during which the proposal would be considered.
7. In rare instances, or where emergency action may be required, suggested changes and amendments can be considered as an exception to the above stated process and timeline based on a two-thirds majority consent of the Working Group members present.
8. NAIC staff support will publish the Handbook on or about February 1 each year. NAIC staff will post to the NAIC Publications Web site any material subsequent corrections to these publications.

**EXAMINATION OVERSIGHT (E) TASK FORCE
FINANCIAL ANALYSIS HANDBOOK WORKING GROUP**

SUBMIT TO NAIC – KC By June 1, 2018

Financial Analysis Handbook Proposed Revision Form

INSTRUCTIONS	FOR NAIC USE ONLY
1. Complete this form for EACH Handbook proposal. Under "Identification of Item(s) to be Changed," include section & page number, line or item identifier. 2. All attachments should be presented in a format wherein new language is underscored and deletions struck through. 3. Please consider whether this revision proposal is also addressed elsewhere in the Handbook. 4. CAUTION: before completing this form, please read additional instructions on reverse side of this form.	DISPOSITION <input type="checkbox"/> ADOPTED <input type="checkbox"/> REJECTED <input type="checkbox"/> DEFERRED <input type="checkbox"/> OTHER (SPECIFY) <input type="checkbox"/> _____
DATE: _____ NAME: _____ TITLE: _____ STATE: _____ ADDRESS: _____ TELEPHONE: _____ CONTACT PERSON: _____	NOTES

HANDBOOK SECTIONS NAME AND NUMBER TO WHICH PROPOSAL APPLIES

IF STATEMENT TYPE SPECIFIC, ALSO IDENTIFY THE TYPE:

Life/A&H Fraternal Property & Casualty Title Health

IDENTIFICATION OF ITEM(S) TO BE CHANGED

REASON OR JUSTIFICATION FOR CHANGE **
(STATE, IN SPECIFIC TERMS, THE BENEFIT TO BE DERIVED FROM THIS PROPOSAL)

** This section must be completed on all forms.
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Additional Instructions and Information

The Financial Analysis Handbook (E) Working Group meets via conference call throughout the year to consider proposed changes to the NAIC *Financial Analysis Handbook* (Handbook). Suggestions to the Handbook should be submitted by **June 1, 2018**. ~~They will be reviewed by the Working Group and considered for adoption and implementation in the next Handbook edition.~~ Send proposals via email to Ralph Villegas, Life/Health Financial Analysis Manager, rvillegas@naic.org, or fax to 816-460-7563; or send to Rodney Good, Property/Casualty Financial Analysis Manager, rgood@naic.org, or fax to 816-460-0176. Original copies may be sent to:

National Association of Insurance Commissioners
Financial Analysis & Examination Unit
Financial Regulatory Services Department
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

For questions, call the Financial Analysis & Examination Unit at (816) 842-3600.

~~Any member of a state insurance department is welcome to submit a Proposed Revision Form. The forms will be regarded as submitted on behalf of insurance departments rather than individuals.~~

Proposed Procedure Revisions

- During the Working Group's review, changes proposed via this form will be considered along with an analysis conducted by the NAIC Financial Analysis & Examination Unit of the effectiveness and usefulness of procedures, ratio limits and language. ~~This analysis encompasses the effectiveness of ratio limits as well as the language of procedures. Additionally, the general usefulness of procedures is considered. Specific proposals from states relative to procedures are welcome and should include detailed analysis.~~

Proposed Revisions for Annual Statement Changes

- The Financial Analysis & Examination Unit also studies adopted changes to the Annual Statements and provides revision proposals to the Working Group. The Financial Analysis & Examination Unit automatically makes changes to the Handbook for minor changes, such as for page and line numbers.
- ~~Specific proposals are welcome. Additionally, please alert the Financial Analysis & Examination Unit to any overlooked minor annual statement changes.~~

Proposed Software Revisions

- The Handbooks are automated on I-SITE. The Handbook is intended to be a dynamic tool. The Working Group is interested in feedback on both analytical and software features. Please contact the NAIC Help Desk at (816) 842-3600 before submitting a form. Many enhancements have been proposed which could not be implemented. Also, some proposals may relate to existing features that the Help Desk may be able to explain.

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