2015 ADOPTED COMMITTEE CHARGES

Adopted by the Executive (EX) Committee and Plenary – Nov. 19, 2014
Amendments Adopted by the Executive (EX) Committee and Plenary – March 31, 2015

EXECUTIVE (EX) COMMITTEE

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

Ongoing Support of NAIC Programs, Products or Services

1. The Executive (EX) Committee will:
   • Identify goals and priorities of the organization and make recommendations to achieve such goals and priorities, based on input of the membership. Make recommendations by the 2015 Commissioners Conference.—Essential
   • Create/terminate task force(s) and/or Executive (EX) Committee-level working groups to address special issues and monitor the work of these groups. Create necessary task forces and/or Executive (EX) Committee-level working groups throughout 2015 as necessary.—Essential
   • Submit reports and recommendations to NAIC members concerning the activities of its subcommittee and the standing committees. Submit report at each national meeting.—Essential
   • Consider requests from NAIC members for friend-of-the-court briefs.—Essential
   • Establish and allocate functions and responsibilities to be performed by each zone.—Essential
   • Pursuant to the Bylaws, oversee the NAIC offices to assist the organization and the individual members in achieving the goals of the organization.—Essential
   • Conduct strategic planning on an ongoing basis.—Essential
   • Plan, implement and coordinate communications and activities with the Federal Insurance Office (FIO).—Essential
   • 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
   • Review and approve requests for development of model laws. Coordinate review of existing model laws.—Essential
   • Select NAIC national meeting sites five and six years in advance of the meeting date to ensure efficient and economical locations and facilities.—Essential
   • Review and revise, as necessary and appropriate, the criteria and categories for registrants at NAIC national meetings.—Essential

NAIC Support Staff: Andrew J. Beal/Kay Noonan
Ongoing Support of NAIC Programs, Products or Services

1. The Cybersecurity (EX) Task Force will:
   • Monitor developments in the area of cybersecurity.
   • Advise, report and make recommendations to the Executive (EX) Committee on cybersecurity issues.
   • Coordinate activities with NAIC standing committees and their task forces and working groups regarding cybersecurity issues.
   • Represent the NAIC and communicate with other entities/groups, including the sharing of information as may be appropriate, on cybersecurity issues.
   • Perform such other tasks as may be assigned by the Executive (EX) Committee relating to the area of cybersecurity.

NAIC Support Staff: Eric Nordman/Sara Robben/Tony Cotto/Cody Steinwand
The mission of the Financial Stability (EX) Task Force is to consider issues concerning domestic or global financial stability as they pertain to the role of state insurance regulators.

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

1. The **Financial Stability (EX) Task Force** will:
   - Consider issues concerning domestic or global financial stability as they pertain to the role of state insurance regulators and make recommendations to International Insurance Relations (G) Committee, Government Relations (EX) Leadership Council or the International Insurance Relations (EX) Leadership Group, as appropriate.—*Essential*
   - Consider state insurance regulators’ input to national and international discussions on macro-financial vulnerabilities impacting the insurance sector.—*Essential*
   - Serve as a forum to coordinate state insurance regulators’ perspective on a wide variety of issues arising from the designation of U.S. insurance groups as “systemically important” both pre- and post-designation. —*Essential*
     - Where appropriate, develop policy recommendations and/or guidance regarding the role, responsibilities, and activities of state insurance regulators in the context of consolidated supervision resulting from designation.
     - Analyze proposed rules by the federal agencies that relate to financial stability.
     - Analyze proposed policy measures regarding supervisory standards for globally systemic important insurers.
     - Develop comment letters on such analysis for further consideration by the International Insurance Relations (G) Committee, Government Relations (EX) Leadership Council or the International Insurance Relations (EX) Leadership Group, as appropriate.

NAIC Support Staff: Elise Liebers/Todd Sells/Mark Sagat
GOVERNANCE REVIEW (EX) TASK FORCE

The mission of the Governance Review (EX) Task Force is to review the NAIC’s governing documents, practices and procedures and potentially make recommendations to the Executive (EX) Committee on revisions to the NAIC’s organizational structure, committee structure, and internal and external decision making policies and procedures.

Ongoing Support of NAIC Program, Products, or Services

1. The Governance Review (EX) Task Force will:
   - Review the NAIC governing documents and make recommendations as appropriate.—Essential
   - Coordinate the work of the consultant retained by the NAIC to assist in the governance review. —Essential

NAIC Support Staff: Kay Noonan/John Bauer
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. The Government Relations (EX) Leadership Council will:
   - Monitor, analyze, and respond to federal legislative/regulatory actions and other issues of importance to the NAIC membership.—Essential
   - 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 involvement of NAIC members through testimony, correspondence and attendance at hearings. —Essential
   - Develop a strategy and program for directly engaging NAIC members with Congress and federal agencies to advocate the benefits and efficiencies of state regulation.—Essential
   - Secure broader participation from NAIC membership on all government affairs advocacy initiatives. —Essential
   - Report to the Executive (EX) Committee on all activities and matters relating to the annual charges of the Leadership Council.—Essential

NAIC Support Staff: Ethan Sonnichsen/Mark Sagat
INTERNATIONAL INSURANCE RELATIONS (EX) LEADERSHIP GROUP

The mission of the International Insurance Relations (EX) Leadership Group is to develop, coordinate and implement the NAIC’s international initiatives. The Leadership Group will coordinate among NAIC standing committees, task forces and working groups, including the International Insurance Relations (G) Committee and the Executive (EX) Committee, on international issues. 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. The International Insurance Relations (EX) Leadership Group will:
   - In coordination with the Government Relations (EX) Leadership Council, monitor and analyze federal legislative and regulatory actions with international implications and other issues of importance to the NAIC membership.—Essential
   - Work with other standing committees, task forces and working groups to help develop and communicate the NAIC’s policy views to the International Association of Insurance Supervisors (IAIS) and other international organizations on pending issues by direct involvement of NAIC members through leadership roles, presentations, correspondence and attendance at IAIS meetings.—Essential
   - Develop a strategy and program for directly engaging NAIC members with non-U.S. insurance supervisors, international organizations and federal agencies focused on international issues in coordination with other NAIC standing committees and groups, where appropriate.—Essential
   - Promote the benefits of the U.S. insurance regulatory system, facilitate international regulator-to-regulator dialogues and highlight the relevance and importance of state insurance regulators being active internationally.—Essential
   - Coordinate the NAIC’s responses to the questions, findings and recommendations of the International Monetary Fund’s Financial Sector Assessment Program.—Essential
   - Report to the Executive (EX) Committee on all activities and matters relating to the annual charges of the Leadership Group.—Essential

NAIC Support Staff: Eric Thompson/Ethan Sonnichsen
PRINCIPLE-BASED RESERVING IMPLEMENTATION (EX) TASK FORCE

The mission of the Principle-Based Reserving Implementation (EX) Task Force is to 1) serve as the coordinating body with all NAIC technical groups (e.g., Life Actuarial (A) Task Force) involved with projects related to the principle-based reserving (PBR) initiative for life and health policies; and 2) further assess the solvency implications of life insurer-owned captive insurers and alternative mechanisms.

Ongoing Support of NAIC Programs, Products or Services

1. The Principle-Based Reserving Implementation (EX) Task Force will:
   • Maintain and oversee the Principle-Based Reserving (PBR) Implementation Plan.—Essential
   • Coordinate development and implementation of the XXX/AXXX Reinsurance Framework. Advise on proposed deviations from the XXX/AXXX Reinsurance Framework adopted in concept by the Executive (EX) Committee at the 2014 Summer National Meeting.—Essential

2. The PBR Review (EX) Working Group will:
   • Coordinate financial analysis, examination and actuarial review procedures and do the following:
     o Develop a framework (or blueprint) for the development of risk-focused examination (analysis/examination/actuarial) procedures for PBR, aiming for coordination and consistency of all such activities.—Essential
       ▪ Recommend uniform PBR review processes and frequency of reviews.
       ▪ Avoid duplication of work (including duplication of financial statement auditor work).
       ▪ Consider the process of communication between domestic states and market states (or non-domestic states where the company has significant market share).
       ▪ Discuss implementation of the framework (or blueprint) over time. Assess whether NAIC proposals take due consideration of the multitude of safeguards and controls already incorporated in requirements (e.g., documentation requirements, internal controls, linkage to risk management, corporate governance, and audited financials).
       ▪ Inform the Principle-Based Reserving Implementation (EX) Task Force of training needs and provide potential case studies to aid training. Specifically, evaluate training and/or resource needs for modeling.
       ▪ Cooperate with the Examination Oversight (E) Task Force to develop financial examination procedures for pre-implementation review during on-site exams to look at a company’s PBR preparation. The examiner should review plans, procedures, systems, enterprise risk management (ERM), and corporate governance around PBR development.
       ▪ Support the Principle-Based Reserving Implementation (EX) Task Force in pre-implementation efforts, including any pilot projects and analysis needed to inform the Task Force and other regulators.
     o Draft charges and operating procedures for a new PBR Valuation Analysis (E) Working Group, using Financial Analysis (E) Working Group charges and procedures as a guide. Consideration should be given to the following issues.—Essential
       ▪ Recommend ideal (regulatory-only) membership of PBR Valuation Analysis (E) Working Group (e.g., actuaries, accountants, valuation actuaries, SOA actuaries, and/or any regulators) and any participatory role of consultants and outside parties. Determine the frequency of meetings and how specific referrals and issues can be provided.
       ▪ Coordinate with the NAIC staff resources regarding companies to review (e.g., “nationally significant,” universal life products, triggers regarding PBR concerns, etc.)
       ▪ Respond to the states in a confidential forum regarding issues and questions arising during the course of annual PBR reviews or PBR examinations.
       ▪ Recommend NAIC staff responsibilities and confidentiality protocol, using the Financial Analysis (E) Working Group as a guideline.
PRINCIPLE-BASED RESERVING IMPLEMENTATION (EX) TASK FORCE (Continued)

- Recommend a process for the state-to-state resolution to be backed by the PBR Valuation Analysis (E) Working Group assistance for resolution, if needed. Determine the role the Financial Analysis (E) Working Group will play in this work.
- Determine any direct communication with, or presentations from, companies.
  - Develop review tools and propose means to obtain information to support the review. Test the tools and information for usefulness and accuracy.—Essential
- Create automated tools or identify software that can be used for both financial analysis and actuarial review.
- Evaluate housing of automated tools and software, especially to create cost savings for the states.
- Determine what reporting should be required via electronic data submission (e.g., in the PBR Report) to populate automated tools.
- Investigate existing tools that might be given to, or purchased by, the NAIC.
- Consider a central repository of information.
- Consult with the Information Systems (EX1) Task Force regarding tools, databases and storage needs.
- Respond to requests and provide support to the Principle-Based Reserving Implementation (EX) Task Force in their efforts to determine the role of a statistical agent(s) and recommend procedures, funding and a process for data reporting.
  - Identify the data and other reporting needs for actuarial review, financial analysis and public transparency. Recommend changes to other NAIC groups to modify the financial statement blanks, financial statement instructions and the Valuation Manual to obtain such needed data and disclosure. Utilize confidentiality where needed, maintaining an ability to share data appropriate for valuation improvements. Consideration should be given to the following areas:—Essential
    - Experience reporting.
    - Blanks reporting.
    - PBR annual report (confidential reporting).
  - Identify the ideal staffing resources for PBR reviews, including ideal NAIC assistance, as well as any new financial modeling or software reviewers. After review processes are better defined, conduct another PBR state resource survey.—Essential

NAIC Support Staff: Kris DeFrain/Todd Sells
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) provide direction based on NAIC membership initiatives to the NIPR Board of Directors regarding the development and implementation of uniform producer licensing initiatives, with a primary emphasis on encouraging the use of electronic technology.

Ongoing Support of NAIC Programs, Products or Services

1. The **Producer Licensing (EX) Task Force** will:
   - 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 the state administrative actions to the NAIC’s Regulatory Information Retrieval System (RIRS) to ensure this data is properly reflected in the State Producer Licensing Database (SPLD) and the Producer Database (PDB).—**Essential**
   - 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**
   - Discuss state perspectives regarding the regulation and benefit of the activities of the federal Affordable Care Act-established enrollment assisters (including navigators and non-navigator assisters and certified application counselors) and the activities of producers in assisting individuals and businesses purchasing in the health insurance marketplaces. Coordinate with the Health Insurance and Managed Care (B) Committee and the Antifraud (D) Task Force, as necessary.—**Essential**

2. The **Producer Licensing (EX) Working Group** will:
   - Monitor the implementation of the Uniform Licensing Standards for best practices in examination development and delivery of education materials for pre-licensing education to ensure the timely review and updates of exam materials to test 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 updated reciprocity guidelines and ongoing maintenance and review of uniform application forms for continuing education providers and the state review and approval of courses.—**Important**
   - Coordinate through NAIC staff and provide guidance to NIPR on producer licensing-related electronic initiatives, such as email address and phone number changes.—**Essential**
   - Coordinate with NAIC parent committees, task forces and/or working groups to review and provide recommendations on any new producer training requirements or continuing education requirements that are included in NAIC model acts, regulations and/or standards.—**Essential**
   - Monitor state implementation of adjuster licensing reciprocity and develop minimum adjuster licensing standards to ensure appropriate consumer protections are in place with the implementation of the use of “designated home state.”—**Essential**
   - Monitor and assess the state implementation of the Uniform Licensing Standards and update the standards, as needed.—**Essential**
   - Review and update, as needed, the NAIC’s uniform producer and adjuster licensing applications and uniform appointment form.—**Essential**
   - Coordinate with the Market Information Systems (D) Task Force and the Antifraud (D) Task Force to evaluate and make recommendations regarding the entry, retention and use of data in the NAIC’s Special Activities Database.—**Essential**

NAIC Support Staff: Timothy B. Mullen/Greg Welker

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SPEED TO MARKET (EX) TASK FORCE

The mission of the Speed to Market (EX) Task Force is to 1) serve as the NAIC focal point for modernization of the insurance product filing and review processes; 2) monitor the development and implementation of speed to market efficiencies and SERFF; and 3) provide support to the IIPRC for initiatives that require uniformity and policy changes within the states, where necessary.

Ongoing Support of NAIC Programs, Products or Services

1. The Speed to Market (EX) Task Force will:
   - Provide a forum for discussion and recommendations related to product filing needs, efficiencies and effective consumer protection.—Essential
   - Provide a forum for the review, discussion and recommendation regarding rate and form filing needs as impacted by the federal Affordable Care Act (ACA).—Essential
     - Provide policy support and guidance regarding SERFF enhancements necessary for the states to comply with state law, federal law and/or contractual obligations.
     - Provide a forum for discussing product filing issues related to the U.S. Department of Health and Human Services (HHS) and the U.S. Center for Consumer Information and Insurance Oversight (CCIIO) activity.
       - Provide input and guidance to other NAIC committees related to the ACA.
   - Provide direction to, receive input from and hear reports concerning the SERFF Advisory Board activity related to SERFF.—Essential
   - Provide direction to the NAIC staff regarding SERFF functionality, development and enhancements.—Essential
   - 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
   - Conduct the following activities as desired by the IIPRC.—Essential
     - Provide support to the IIPRC as the speed to market vehicle for asset-based insurance products, encouraging state participation in, and industry usage of, the IIPRC, as requested.
     - Receive reports from the IIPRC at NAIC national meetings.
   - Oversee the work of the Operational Efficiencies (EX) Working Group and the Commercial Lines (EX) Working Group.—Essential

2. The Operational Efficiencies (EX) Working Group will:
   - 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
   - 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
   - Facilitate proposed changes to the Product Coding Matrices (PCMs) 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
   - 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 Advisory Board to ensure incorporation of UTD changes in SERFF.—Essential
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; ensure full and complete communication of any change in filing requirements.—Essential

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

Provide oversight in evaluating product filing efficiency issues for regulators and the industry.—Important
  o 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.
  o Survey the states and the industry to gather information regarding common filing issues and develop recommendations for resolution.
  o Serve as a forum for discussing tools to assist the states in meeting regulatory needs.

3. The Commercial Lines (EX) Working Group will:
   • Document and review the average time for approval of commercial lines forms and rates by the states, to include the extremes, and identify, if possible, reasons for different approval times for various types of commercial insurance products.—Important
   • Provide recommendations to the NAIC as to what it and the states can do to assist in making commercial lines regulation as effective and efficient as possible.—Important

NAIC Support Staff: Joy Morrison
INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE

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

Ongoing Support of NAIC Programs, Products or Services

1. The Internal Administration (EX1) Subcommittee will:
   - Review and approve all expenditures of funds not included in the final 2015 budget by considering any fiscal impact statements of unbudgeted resource requests and reporting its actions to the Executive (EX) Committee.—Essential
   - Annually work with the CEO, the chief operating officer/chief legal officer (COO/CLO) and the chief financial officer (CFO) to review the business operations plan, which will incorporate the Executive (EX) Committee’s strategic management initiatives, and will report its actions to the Executive (EX) Committee.—Essential
   - Oversee a review of any management areas of the NAIC that should be designated for formal operational reviews by working through the CEO and COO/CLO.—Essential
   - Oversee the development, revision, and delivery of all NAIC education programs, or the addition of new programs, by coordinating with other committees as appropriate and providing direction to the CEO and COO/CLO.—Essential
   - Receive a report at each national meeting from the NAIC Audit Committee, which will be chaired by the Secretary-Treasurer. The NAIC Audit Committee will meet with NAIC management at or before each national meeting, or more frequently as necessary, to review the NAIC financial statements and to hear reports from the NAIC management on emerging financial issues for the NAIC, and will report such information to the Internal Administration (EX1) Subcommittee. The NAIC Audit Committee shall also carry out the following activities pursuant to its charter:
     - 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. The NAIC Audit Committee is also responsible for selecting a firm to provide Statement on Standards for Attestation Engagements (SSAE) services to the NAIC.—Essential
   - 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
   - Review and revise, as necessary and appropriate, the criteria and categories for registrants at NAIC national meetings.—Essential
   - Appoint the Information Systems (EX1) Task Force to provide regulator-based technology expertise.—Essential

NAIC Support Staff: Andrew J. Beal/James W. Woody
INFORMATION SYSTEMS (EX1) TASK FORCE

The mission of the Information Systems (EX1) Task Force is to 1) provide regulator-based technology expertise to the Internal Administration (EX1) Subcommittee; and 2) to support committee activities and objectives, which 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. The Information Systems (EX1) Task Force will:
   - Serve as the Internal Administration (EX1) Subcommittee’s project-independent technology monitor and consultant. This involves overseeing the activities of the Technical Consulting (EX1) Working Group and 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 Internal Administration (EX1) Subcommittee as appropriate. To achieve this, the Information Systems (EX1) Task Force will receive regular reports from the NAIC technology staff of each project and provide a structure for the states to collaborate on technology initiatives.—Essential
   - Maintain and monitor the use of National Technical Architecture standards for state-based insurance regulation.—Essential
   - Monitor the technical implementation of the Regulator User Interface (RUI) and continue to monitor MyNAIC until RUI is completed. Work with the business committees to ensure RUI meets their needs. Monitor utilization and analyze associated issues. Coordinate with the respective business areas regarding oversight, education, and promotion of the RUI. In addition, oversee improvements to the search function and presentation.—Essential
   - 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 NAIC technology staff may request approval of a specific technology approach, such as a proposal to drop support for a particular version of software. The Information Systems (EX1) Task Force will provide direction in such matters, either directly or through a working group.—Essential
   - Serve as a regulator sponsor for projects involving technology that supports the business areas of more than one other standing committee.—Important
   - 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 may include review of technology planning documents.—Important
   - Provide direction and oversight of the NAIC State Technology Survey.—Important
   - Provide regulator technology consultation to NAIC committees, task forces, and working groups as requested.—Important
2. The Technical Consulting (EX1) Working Group will:
   - Review, with technical recommendations for the Subcommittee, NAIC Business and Fiscal Impact Statements and Project Requests that involve technology being submitted to the Internal Administration (EX1) Subcommittee or directly to the Executive (EX) Committee to ensure proposals meet the expectations for IT regulator review, including 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 and Project Request approval processes; and, if approved, thereafter monitoring implementation and ongoing effectiveness.—Essential

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. The Life Insurance and Annuities (A) Committee will:
   - Monitor the activities of the Life Actuarial (A) Task Force.—Essential
   - Oversee development of the principle-based reserving system.—Essential
   - 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
   - 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

2. The Model Law Review (A) Subgroup will:
   - In accordance with the Model Law Review Initiative, review the Committee’s designated NAIC model laws for compliance with the NAIC’s Procedures for Model Law Development and recommend whether they be retained as a model law, amended, converted to a guideline or archived.—Important

3. The Contingent Deferred Annuity (A) Working Group will:
   - Develop NAIC guidelines and/or model bulletin that can serve as a reference for states interested in modifying their annuity laws to clarify their applicability to contingent deferred annuities (CDAs) and as part of this work, review existing NAIC model laws and regulations applicable to consumer protection issues associated with CDAs.—Essential
   - Serve as the coordinating body with all of the NAIC technical groups with projects related to CDAs.—Essential
   - Develop a work plan that would allow Committee members, interested regulators and interested parties to easily track, monitor and coordinate the progress of the NAIC technical groups working on issues identified in the Working Group report and recommendations concerning CDAs. The work plan should include timelines and dates for expected completion of the work done by each NAIC technical group.—Essential
   - Review and consider revisions to the Annuity Disclosure Model Regulation (#245) to exempt U.S. Securities and Exchange Commission (SEC)-registered CDAs and CDAs offered through ERISA retirement plans.—Essential
   - Review and consider revisions to the Suitability in Annuity Transactions Model Regulation (#275) to specifically reference its applicability to the sale of CDAs, including the one-time, four hour training and the product-specific training requirements.—Essential
   - Review and consider revisions to the Advertisements of Life Insurance and Annuities Model Regulation (#570) to specifically reference its applicability to CDAs.—Essential
   - Review and consider revisions to the Life Insurance and Annuities Replacement Model Regulation (#613) to specifically reference its applicability to CDAs.—Essential
4. The ERISA Retirement Income (A) Working Group will:
   - Work with representatives of the U.S. Department of Labor (DOL), the White House Council of
     Economic Advisors (CEA), the U.S. Department of the Treasury and any other appropriate federal
     agencies, in coordination with the Government Relations (EX) Leadership Council, to consider possible
     options for easing plan sponsor concerns with the financial soundness of annuity providers as related to
     the DOL annuity safe harbor plan sponsor selection of annuity provider and fiduciary responsibility
     requirements.—Important

5. The Unclaimed Life Insurance Benefits (A) Working Group will:
   - Develop a new NAIC model law to address the issue of unclaimed death benefits.—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 and Services

1. The Life Actuarial (A) Task Force will:
   - Address charges to the Life Actuarial (A) Task Force as provided in the Principle-Based Reserving (PBR) Implementation Plan adopted by the Principle-Based Reserving Implementation (EX) Task Force. These charges include Valuation Manual and PBR work expected by the Life Insurance and Annuities (A) Committee, including consideration of the VM-22 (A) Subgroup efforts to pose a PBR methodology for non-variable (fixed) annuities. Report progress to the Principle-Based Reserving Implementation (EX) Task Force and to the Life Insurance and Annuities (A) Committee.—Essential
   - Respond to requests/referrals from the Life Insurance and Annuities (A) Committee regarding reserves or other requirements, including contingent deferred annuities and any other relating to current or new product lines.—Essential
   - Monitor international developments regarding life and health insurance reserving. Compare and benchmark with PBR requirements.—Important
   - Work with the American Academy of Actuaries (Academy) and the Society of Actuaries (SOA) to develop new Valuation Basic Table (VBT) and Commissioners Standard Ordinary (CSO) Mortality Table, including tables 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
   - Review Actuarial Guideline XLIII—CARVM for Variable Annuities (AG 43) and recommend changes as appropriate to the requirements. Work with any recommendations from the C-3 Phase II/AG 43 (E/A) Subgroup.—Essential
   - Review Actuarial Guideline XXXIII—Determining CARVM Reserves for Annuity Contracts with Elective Benefits (AG 33) and provide recommendations and changes as appropriate to address reserving issues.—Important
   - 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
   - Work with the SOA to continue development of reporting channels of distribution information needed to better establish Generally Recognized Expense Table (GRET) factors.—Important
   - Address approvals from the Life Insurance and Annuities (A) Committee regarding Task Force requests to work on model requirements, including any approvals for modifications to the Actuarial Opinion and Memorandum Regulation (#822).—Important
   - Consider any revisions, as appropriate, for the Synthetic Guaranteed Investment Contracts Model Regulation (#695).—Important
   - Develop the Actuarial Method for the Principle-Based Reserving Implementation (EX) Task Force’s review and consideration in adopting items such as the XXX/AXXX Reinsurance Model Regulation and possible changes to the Actuarial Opinion and Memorandum Regulation (#822). The Actuarial Method should consist of VM-20, Requirements for Principle-Based Reserves for Life Products, modified to incorporate changes to mortality tables as developed by the American Academy of Actuaries and any other appropriate modifications determined by the Life Actuarial (A) Task Force, and should explicitly keep (in current or modified form) or eliminate the “net premium reserve” component of the current VM-20.—Essential
• Develop an actuarial guideline to provide interim guidance for the Actuarial Opinion and Memorandum Regulation (#822) as it relates to XXX/AXXX reinsurance transactions. The actuarial guideline should specify that, in order to comply with Model #822, the opining actuary must issue a qualified opinion as to the ceding insurer’s reserves if the ceding insurer or any insurer in its holding company system has engaged in a XXX/AXXX reserve financing transaction that does not adhere to the Actuarial Method and Primary Security forms adopted by the NAIC. The Principle-Based Reserving Implementation (EX) Task Force’s XXX/AXXX Reinsurance Framework Exhibit 3 should be considered for this actuarial guideline, modified as appropriate by the Task Force.—Essential

• Draft amendments, if needed, to specify that, in order to comply with Model #822, the opining actuary must issue a qualified opinion as to the ceding insurer’s reserves if the ceding insurer or any insurer in its holding company system has engaged in a reserve financing transaction that does not adhere to the XXX/AXXX Reinsurance Model Regulation and other aspects of the XXX/AXXX Reinsurance Framework, as adopted by the Task Force.—Essential

• Develop an actuarial guideline to provide uniform guidance for illustration of indexed universal life policies.—Essential

• Provide recommendations and changes as appropriate to other reserve and nonforfeiture requirements to address issues and provide actuarial assistance and commentary to other NAIC committees relative to their work on actuarial matters.—Important

2. The Experience Reporting (A) Subgroup will:
   • Continue development of the experience reporting requirements within the Valuation Manual and provide input as appropriate for the process regarding the statistical agent, data collection and subsequent analysis and use of experience submitted.—Essential

3. The Contingent Deferred Annuity (A) Subgroup will:
   • Evaluate AG 43 to determine whether the reserve guidance as it applies to variable annuity guarantees would be deficient when applied to contingent deferred annuities (CDAs). Recommend changes, as appropriate, to address any deficiencies and determine whether clarifying guidance would be useful due to different nomenclature than variable annuities with guarantees.—Essential
   • Consider revisions to the Standard Nonforfeiture Law for Individual Deferred Annuities (#805) to specifically exclude CDAs from the scope of the model.—Essential
   • Review and determine whether revisions to Model #695 are needed to clarify its relationship with CDAs.—Essential
   • Review and consider changes, as necessary, to the appropriate annual financial statement blank to address financial reporting requirements for CDAs.—Essential

4. The Index-Linked Variable Annuity (A) Subgroup will:
   • Provide recommendations to the Task Force regarding the applicability of the NAIC variable annuity regulatory framework to non-unitized index-linked products filed as variable, including, but not limited to, product definition and nonforfeiture requirements.—Important

5. The Aggregate Margin (A) Subgroup will:
   • Consider the appropriateness of an aggregate margin approach for quantifying a provision for uncertainty and risk in the underlying valuation assumptions.—Important
6. The VM-22 (A) Subgroup will:
   • Pose a PBR methodology for non-variable (fixed) annuities for consideration by the Life Actuarial (A) Task Force.—Essential

7. The C-3 Phase II/AG 43 (E/A) Subgroup of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
   • Evaluate the overall effectiveness of the C-3 Phase II and Actuarial Guideline XLIII—CARVM for Variable Annuities (AG 43) methodologies used to evaluate the market risk component of RBC by conducting an in-depth analysis of the models, modeling assumptions, processes, supporting documentation and results of a sample of companies writing variable annuities with guarantees, and make recommendations to the Capital Adequacy (E) Task Force and/or the Life Actuarial (A) Task Force on any changes to the methodologies to improve their overall effectiveness.—Essential

NAIC Support Staff: Reggie Mazyck/Eric King
HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE

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

Ongoing Maintenance of NAIC Programs, Products and Services

1. The Health Insurance and Managed Care (B) Committee will:
   - Respond to inquiries from the U.S. Congress, the White House and federal agencies; analyze policy implications and effect on states of proposed legislation; communicate the NAIC’s position through letters and testimony when requested.—Essential
   - Monitor the activities of the Health Actuarial (B) Task Force.—Essential
   - Monitor the activities of the Regulatory Framework (B) Task Force.—Essential
   - Monitor the activities of the Senior Issues (B) Task Force.—Essential
   - 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 to produce.—Essential
   - Serve as the official liaison between NAIC and the Joint Commission on Accreditation of Healthcare Organizations (Joint Commission), the National Committee on Quality Assurance (NCQA) and URAC.—Important
   - 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
   - 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
   - Coordinate with the Market Regulation and Consumer Affairs (D) Committee, as necessary, to provide policy recommendations regarding uniform state enforcement of the federal Affordable Care Act (ACA).—Essential
   - Coordinate with the Producer Licensing (EX) Task Force, as necessary, regarding the regulation and activities of navigators and non-navigator assistance personnel as provided under the ACA and regulations implementing the ACA.—Essential
   - Coordinate with the Antifraud (D) Task Force, as necessary, regarding state and federal antifraud activities related to the implementation of the ACA.—Essential

2. The Consumer Information (B) Subgroup will:
   - Develop information that would be helpful to state regulators and others in assisting consumers as health insurance exchanges, as established under the ACA, begin their work in 2014.—Important
   - Review NAIC publications that touch on health insurance to determine if they need updating based on the ACA; and, if updates are needed, suggest specific revisions to the appropriate NAIC group or NAIC division to make the changes.—Important

3. The Medical Loss Ratio Quality Improvement Activities (B) Subgroup will:
   - Review new quality improvement (QI) initiatives, as reported annually on the Supplemental Health Care Exhibit Allocation Report and make recommendations to the Secretary of the U.S. Department of Health and Human Services (HHS) on certifying for inclusion or exclusion in the QI expense category of the Supplemental Health Care Exhibit.—Essential
4. The **Model Law Review Initiative (B) Subgroup** will:
   - In accordance with the Model Law Review Initiative, review the Committee’s designated NAIC model laws for compliance with the NAIC’s *Procedures for Model Law Development* and recommend whether they be retained as a model law, amended, converted to a guideline or archived.—*Important*

5. The **Health Care Reform Regulatory Alternatives (B) Working Group** will:
   - Provide a forum for discussion of and guidance on the alternatives to implementing an ACA-compliant state-based exchange and the implications of such alternatives on NAIC member regulatory authority.—*Essential*
   - Identify and assist NAIC members in resolving open issues that need to be addressed with regard to non-state exchange ACA alternatives.—*Essential*
   - Analyze the impact of the ACA on existing NAIC member regulatory authority both inside and outside of a federal exchange, as well as the impact on NAIC model laws; e.g., the *Unfair Trade Practices Act* (#900), the *Producer Licensing Model Act* (#218), the *Model Law on Examinations* (#390), etc.—*Essential*
   - Identify opportunities for NAIC members to continue to innovate and regulate outside of a federal exchange.—*Essential*

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. The Health Actuarial (B) Task Force will:
   - Work with the Society of Actuaries (SOA) and the American Academy of Actuaries (Academy) to develop a replacement for the 1985 Commissioners Individual Disability Income Table. Ensure the Health Insurance Reserves Model Regulation (#10) remains open to accommodate the new table.
     — Important
   - Work with the Academy and the SOA to develop a replacement for the 1985 NAIC Cancer Claim Cost Tables as the basis for the valuation of individual cancer policies. Request Model #10 be opened to accommodate the new table.— Important
   - Revise model rules for appropriate long-term care rates, rating practices and rate changes. — Important
   - Study the minimum standards applicable to statutory reserves for long-term care insurance. Ensure Model #10 remains open to accommodate any necessary changes to the standards. Begin developing a principle-based framework for a set of minimum standards.— Important
   - Review the Medicare supplement refund formula.— Important
   - Provide support for issues related to implementation of the federal Affordable Care Act (ACA). — Essential
   - Begin to develop health insurance reserving requirements (VM-25, Health Insurance Reserves Minimum Reserve Requirements) using a PBR methodology. Long-term care should be a priority. Request Model #10 be opened to accommodate the new requirements.— Important
   - Submit VM-25 changes to the Life Actuarial (A) Task Force for publication in the Valuation Manual. — Important
   - Develop long-term care insurance experience reporting requirements in VM-50, Experience Reporting Requirements, and VM-51, Experience Reporting Formats, of the Valuation Manual.— Important
   - Provide recommendations as appropriate to address issues and provide actuarial assistance and commentary to other NAIC committees relative to their work on actuarial matters.— Important

NAIC Support Staff: Eric King/Reggie Mazyck
REGULATORY FRAMEWORK (B) TASK FORCE

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

Ongoing Maintenance of NAIC Programs, Products and Services

1. The Regulatory Framework (B) Task Force will:
   - Coordinate and develop the provision of technical assistance to the states regarding state-level implementation issues raised by federal health legislation and regulations.—Essential
   - 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
   - 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
   - Continue to review the model law review recommendations of NAIC models recommended for revision by the former Affordable Care Act (ACA) Model Review (B) Working Group and, as appropriate, appoint a working group to revise the NAIC model(s) prioritized for revision in 2015.—Important

2. The ERISA (B) Working Group will:
   - Monitor, report and analyze developments related to ERISA, and make recommendations regarding NAIC strategy and policy with respect to those developments.—Essential
   - Review the Health and Welfare Plans Under the Employee Retirement Income Security Act: Guidelines for State and Federal Regulation (ERISA Handbook) and modify, as necessary, to reflect developments related to ERISA. Report annually.—Important
   - Develop a white paper discussing the issues surrounding the potential impact of small employer self-insurance on the small group market.—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 1) consider policy issues; 2) develop appropriate regulatory standards; and 3) revise, as necessary, the NAIC models, consumer guides and training material on Medicare supplement insurance, senior counseling programs and other insurance issues which affect older Americans.

Ongoing Maintenance of NAIC Programs, Products or Services

1. The Senior Issues (B) Task Force will:
   - Develop appropriate regulatory standards and revisions, as necessary, to the NAIC models, consumer guides and training material on Medicare supplement insurance, senior counseling programs and other insurance issues that affect older Americans.—Essential
   - 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.—Essential
   - Review the Medicare Supplement Insurance Minimum Standards Model Act (#650) and the Medicare Supplement Insurance Minimum Standards Regulation (#651) to determine if amendments are required based on changes to federal law, and revise if necessary.—Essential
   - Monitor the Medicare Advantage and Medicare Part D marketplace, assist the states as necessary with regulatory issues, and maintain a dialogue and coordinate with the U.S. Centers for Medicare & Medicaid Services (CMS) on regulatory issues, including solvency oversight of waived plans and agent misconduct.—Essential
   - Monitor and assist the states in the implementation of changes to Model #651 to modernize the Medicare supplement market, as approved by the NAIC in March 2007 and as required by the federal Medicare Improvement for Patients and Providers Act of 2008 and the federal Genetic Information Nondiscrimination Act of 2008.—Essential
   - 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.—Essential
   - Provide the perspective of state insurance commissioners to the U.S. Congress, as appropriate, and CMS on insurance issues, including those concerning the effect and result of federal activity on the senior citizen health insurance marketplace and regulatory scheme.—Essential
   - 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.—Essential
   - Work with CMS to revise the annual joint publication, Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare.—Essential
   - Monitor developments concerning the State Health Insurance Assistance Programs (SHIPs), including information on legislation impacting the funding of SHIPs, provide assistance to states with issues relating to SHIPs, support strong partnership between SHIPs and CMS, and provide the perspective of state insurance commissioners to federal officials, as appropriate on issues concerning SHIPs.—Important
   - Assist the states and serve as a clearinghouse for information on Medicare Advantage plan activity.—Important
   - Monitor and maintain, in accordance with changes to Model #651 approved by the NAIC in March 2007, a record of state approvals of all Medicare supplement insurance new or innovative benefits for use by regulators and others.—Important
   - Review, in accordance with changes to Model #651 approved by the NAIC in March 2007, 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
SENIOR ISSUES (B) TASK FORCE (Continued)

- Develop appropriate regulatory standards and revisions, as necessary, to the NAIC models, consumer
guides and training material on long-term care insurance. Work with federal agencies as appropriate.—Essential
- 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 Insurance Model Act (#640) and Long-
Term Care Insurance Model Regulation (#641) to determine their flexibility to remain compatible with
the evolving delivery of long-term care services and remain compatible with the evolving long-term care
insurance marketplace.—Essential
- Monitor and provide assistance to the states on the implementation of the 2000 and 2014 rating practices
amendments to Model #641, and the model bulletin adopted by the NAIC in December 2013 regarding
alternative filing requirements for long-term care premium rate increases.—Important
- 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
- Explore options, in line with the NAIC’s current long-term care insurance models, 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
- 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: Jennifer R. Cook/Brian R. Webb
PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE

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

Ongoing Support of NAIC Programs, Products or Services

1. The Property and Casualty Insurance (C) Committee will:
   - Discuss issues arising and make recommendations with respect to advisory organization and insurer filings for personal and commercial lines, as needed. Report yearly.—Ongoing
   - Coordinate with the National Flood Insurance Program (NFIP) 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. Complete work on a handbook or white paper by the 2015 Fall National Meeting. Report progress on the handbook or white paper and any other activities; report at each national meeting.—Important
   - Monitor the activities of the Workers’ Compensation (C) Task Force.—Essential
   - Monitor the activities of the Casualty Actuarial and Statistical (C) Task Force.—Essential
   - Monitor the activities of the Surplus Lines (C) Task Force.—Essential
   - Monitor the activities of the Title Insurance (C) Task Force.—Essential
   - Provide an impartial forum for considering appeals of adverse decisions involving alien insurers delisted or rejected for listing to the Quarterly Listing of Alien Insurers. Appeal procedures are described in the International Insurers Department (IID) Plan of Operation.—Important
   - Review information from the public hearing on lender-placed insurance and determine if changes to the Creditor-Placed Insurance Model Act (#375) are warranted. Make recommendations for changes, if warranted. Complete work on the model by the 2015 Fall National Meeting.—Important
2. The **Catastrophe Insurance (C) Working Group** will:
   - 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**
     - Provide a forum for discussing various issues related to catastrophe modeling and monitor issues that will result in changes to the *Catastrophe Computer Modeling Handbook*.—**Essential**
     - Develop a model law, regulation and/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. Following a catastrophe, diverse regulatory mandates increase insurer uncertainty and could 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.—**Important**
     - Review findings from the fall 2012 public hearing on catastrophe issues and consider developing a model guideline, white paper and/or compilation of best practices to reduce post-disaster insurance recovery obstacles for insurance consumers. Issues could 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**
     - Study the potential for privatization of flood insurance and provide a report by the 2015 Fall National Meeting.—**Essential**

3. The **Risk Retention (C) Working Group** will:
   - Monitor and review developments in case law and rehabilitation proceedings related to risk-retention groups; if warranted, make appropriate changes to the *Risk Retention and Purchasing Group Handbook*; report at each national meeting.—**Ongoing**
4. The **Crop Insurance (C) Working Group** will:
   - 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 *Federal Crop Insurance Program 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*

5. The **Advisory Organization Examination Oversight (C) Working Group** will:
   - 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 committees and task forces.—*Essential*
   - Monitor the data reporting and data-collection processes of advisory organizations (including rating organizations and statistical agents) to determine if they are implementing appropriate measures to ensure data quality. Report the results of this ongoing charge as needed.—*Essential*
   - Actively assist with and coordinate multi-state examinations of advisory organizations (including rating organizations and statistical agents).—*Essential*

6. The **Terrorism Insurance Implementation (C) Working Group** will:
   - 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*

7. The **Earthquake (C) Study Group** will:
   - Study, in coordination with other NAIC task forces and working groups, earthquake matters of concern to state insurance regulators; report on this at each national meeting.—*Essential*
   - 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.—*Important*
   - Work with engineers, the Federal Emergency Management Agency (FEMA) 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 loss-mitigation capabilities.—*Important*
   - 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.—*Important*
   - Stay abreast of federal and state legislation impacting the earthquake insurance industry. This includes receiving presentations from speakers on pending federal and/or state legislation involving mitigation initiatives and alternative financing methodologies.—*Important*
   - Assist state insurance regulators in determining the availability and affordability of earthquake coverage in their respective states.—*Important*
8. The Transparency and Readability of Consumer Information (C) Working Group will:
   - 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 P/C policy simplification models (Model #730, Model #731 and Model #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.—Important
     - Systematize and improve presale disclosures of coverage.
     - Increase consumer accessibility to different carriers’ policy forms on a presale basis. The Working Group should consider all possible avenues of accessibility, including state insurance department websites, the NAIC, insurance companies and the possibility of pre-sale provision of complete policy language.
     - Facilitate consumers’ capacity to understand the content of insurance policies and assess differences in insurers’ policy forms. The Working Group should consider a) implementing new readability rules as suggested by 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.

9. The Auto Insurance (C/D) Working Group of the Property and Casualty Insurance (C) Committee and the Market Regulation and Consumer Affairs (D) Committee will:
   - Review issues relating to low-income households and the auto insurance marketplace and make recommendations, as appropriate.—Important
   - Study the potential impact of the TransUnion/CARFAX rating model and make recommendations, as appropriate.—Important

10. The Affordable Care Act Medical Professional Liability (C) Working Group will:
    - Study the potential impact of the federal Affordable Care Act (ACA) on the professional liability exposures of medical providers, with particular attention to potential increases in such exposures as a result of provisions in the ACA that are intended to discourage the practice of defensive medicine; report on its findings at each national meeting.—Important

11. The Climate Change and Global Warming (C) 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.—Important
    - Review the impact of climate change and global warming on insurers through presentations by interested parties.—Important
    - Investigate sustainability issues and solutions related to the insurance industry.—Important
    - Review innovative insurer solutions to climate change, including new insurance products though presentations by interested parties.—Important
New Objectives and Goals (representing new NAIC programs, services or initiatives)

1. The Catastrophe Response (C) Working Group will:
   - Investigate and recommend ways the NAIC can assist states in responding to disasters.—*Essential*
   - Update the State Disaster Response Plan, as needed, so that it provides a blueprint for action by the states to respond to catastrophic events.—*Essential*
   - Provide a forum for discussing issues related to wind/hail damage exclusion endorsements, as well as studying what constitutes cosmetic damage.—*Important*
   - Make recommendations to Market Regulation and Consumer Affairs (D) Committee regarding issues related to the unauthorized practice of public adjusting as may be appropriate.—*Important*

2. The Sharing Economy (C) Working Group will:
   - Study regulatory issues related to the sharing economy such as transportation sharing, house sharing and any emerging sharing products marketed to consumers.—*Essential*
   - Consider development of a model law or model guideline to address regulatory concerns regarding insurance coverage for the sharing economy.—*Essential*
   - Recommend standard terminology relative to the sharing economy.—*Important*
   - Track consumer reports and bulletins published by the states and develop documentation on best practices for states to address insurance coverage issues related to the sharing economy.—*Essential*
   - Publish a white paper on insurance issues presented by house sharing.—*Important*
   - Create a compendium of coverage periods and policy limits required by state statute.—*Essential*
   - Complete work on sharing economy projects by the 2015 Fall National Meeting.—*Important*

NAIC Support Staff: Eric C. Nordman/Aaron Brandenburg
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 P/C insurance industry. The Task Force’s goals are to maintain the financial health of P/C insurers and to ensure that appropriate data regarding P/C insurance markets are available.

Ongoing Maintenance of NAIC Programs, Products or Services

1. The Casualty Actuarial and Statistical (C) Task Force will:
   - Provide reserving, pricing, ratemaking, statistical and other actuarial support to NAIC committees, task forces and/or working groups. Propose changes to the appropriate work products (with the most common work products noted below) and present comments on proposals submitted by others relating to casualty actuarial and statistical matters. Monitor the activities, including the development of financial services regulations and statistical (including disaster) reporting, relating to casualty actuarial issues.—Essential
     - Blanks (E) Working Group (P/C annual financial statement, including Schedule P; P/C quarterly financial statement; P/C quarterly and annual financial statement instructions, including Statement of Actuarial Opinion and Actuarial Opinion Summary Supplement).
     - Capital Adequacy (E) Task Force (P/C RBC report).
   - Monitor national casualty actuarial developments and consider regulatory implications.—Important
     - Casualty Actuarial Society (Statements of Principles and Syllabus of Basic Education).
     - Society of Actuaries (SOA) (general insurance track).
     - Federal legislation.
   - Provide a recommendation by July 1, 2015, regarding the ability of SOA members who obtain the SOA fellowship in general insurance and meet U.S. qualification standards to sign actuarial opinions for NAIC P/C annual financial statements. If appropriate, follow the recommendation with a blanks proposal to allow SOA members who obtain the SOA fellowship in general insurance and meet U.S. qualification standards to sign P/C Statements of Actuarial Opinion.—Essential
   - Monitor activities related to the Own Risk and Solvency Assessment (ORSA), including the activities of the Group Solvency Issues (E) Working Group, the Academy, the International Actuarial Association and other relevant organizations. Assist the Group Solvency Issues (E) Working Group as needed.—Important
2. The **Actuarial Opinion (C) Working Group** will:
   - Propose revisions to the following, as needed, especially to improve actuarial opinions, actuarial opinion summaries and actuarial reports, as well as the regulatory analysis of these actuarial documents and loss and premium reserves.—**Essential**
     - Financial statement instructions.
     - Regulatory guidance to appointed actuaries.

3. The **Statistical Data (C) Working Group** will:
   - Consider updates and changes to the *Statistical Handbook of Data Available to Insurance Regulators.*—**Essential**
   - Consider updates and developments, provide technical assistance and oversee the production of the following reports and databases. Periodically evaluate the demand, utility and income derived versus the costs of production of each product.—**Essential**
     - Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owners Insurance.
     - Auto Insurance Database.
     - Competition Database Report.

4. The **Appointed Actuary (C) Subgroup** will:
   - Utilize the 2014 report issued by the Joint Qualified Actuary (A/B/C) Subgroup regarding a uniform definition of “qualified actuary” for actuaries signing prescribed NAIC Statements of Actuarial Opinion and consider any necessary changes to the definition in the P/C Annual Statement Instructions through the following activities.—**Important**
     - Identify and communicate to the Casualty Actuarial and Statistical (C) Task Force any concerns, challenges and/or implementation issues, including, if appropriate, an alternative definition of “qualified actuary” for the Task Force to consider.
     - Engage interested parties to assist the Subgroup in assessing the impact of the Joint Qualified Actuary (A/B/C) Subgroup’s recommendations.
     - Continue dialogue with the Actuarial Board for Counseling and Discipline, the American Academy of Actuaries’ (Academy) Council on Professionalism and the Academy’s Casualty Practice Council to address regulator concerns expressed in the 2012 Casualty Actuarial and Statistical (C) Task Force survey about the actuarial guidance and discipline process.

NAIC Support Staff: Kris DeFrain/Jennifer Gardner
SURPLUS LINES (C) TASK FORCE

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

Ongoing Support of NAIC Programs, Products or Services

1. The Surplus Lines (C) Task Force will:
   - Perform financial analysis of surplus lines market utilizing the NAIC Financial Data Repository and other sources in order to prepare a regulator report.—*Important*
   - Develop and oversee implementation of state-based solutions addressing the surplus lines subtitle of the federal Nonadmitted and Reinsurance Reform Act.—*Important*

2. The IID Plan of Operation (C) Review Group will:
   - Maintain the International Insurers Department (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.—*Essential and Ongoing*

NAIC Support Staff: Bob Schump
The mission of the Title Insurance (C) Task Force is to study issues related to title insurers and title insurance producers.

Ongoing Support of NAIC Programs, Products or Services

1. The Title Insurance (C) Task Force will:
   - Monitor issues and developments occurring in the title insurance industry and provide support and expertise to other NAIC committees, task forces and/or working groups, or outside entities, as appropriate.—**Essential**
   - Review and assist various regulatory bodies in combating fraudulent or unfair real estate settlement activities. Such efforts could include working with the Antifraud (D) Task Force and other NAIC committees, task forces and/or working groups to combat mortgage fraud; and mitigating title agent defalcations through the promotion of closing protection letters and other remedies. Report results at each national meeting.—**Important**
   - Determine the feasibility of developing effective consumer disclosures related to affiliated business arrangements and reverse competition for the purchase of title insurance and related settlement services, including, but not limited to, a one-page consumer disclosure at the beginning of the title ordering process to alert the consumer to key issues and opportunities.—**Important**
   - Consult with the Consumer Financial Protection Bureau and other agencies responsible for information, education and disclosure for mortgage lending, closing and settlement services, as appropriate. —**Important**

2. The Title Insurance Financial Reporting (C) Working Group will:
   - Consider the effectiveness of recent changes in financial reporting by title insurance companies related to the Title Agent Statistical Data Plan Implementation Guideline (#1650) and to identify further improvements and clarifications to blanks, instructions, Statements of Statutory Accounting Principles (SSAPs), solvency tools and other matters. Coordinate efforts with the Statutory Accounting Principles (E) Working Group. Report the results by the 2015 Fall National Meeting.—**Important**

3. The Title Insurance Consumer Shopping Tools (C) Working Group will:
   - 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. Report the results by the 2015 Fall National Meeting.—**Essential**

4. The Title Insurance Guaranty Fund (C/E) Working Group, a joint working group of the Title Insurance (C) Task Force and the Financial Condition (E) Committee, will:
   - Continue development of a title insurance guaranty fund guideline. Report the results by the 2015 Summer National Meeting.—**Essential**

NAIC Support Staff: Jennifer Gardner/Aaron Brandenburg
WORKERS’ COMPENSATION (C) TASK FORCE

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

Ongoing Support of NAIC Programs, Products or Services

1. The Workers’ Compensation (C) Task Force will:
   • Discuss issues arising with respect to advisory organizations and insurance companies in the workers’ compensation arena.—Essential
   • Monitor the movement of business from the standard markets to the assigned risk pools. Alert state insurance department representatives if growth of the assigned risk pools changes dramatically.—Important
   • Monitor the renewal of the federal Terrorism Risk Insurance Act and its impact on workers’ compensation markets.—Important

2. The NAIC/IAIABC Joint (C) Working Group will:
   • Study issues of mutual concern to insurance regulators and the International Association of Industrial Accident Boards and Commissions (IAIABC). Review relevant IAIABC model laws and white papers and consider possible charges in light of the Working Group’s recommendations. The Working Group is to report the results of its ongoing charge at each national meeting.—Important

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. The Market Regulation and Consumer Affairs (D) Committee will:
   • Monitor the centralized collection and storage of market conduct data, national analysis and reporting at the NAIC, including issues regarding the public availability of data.—Essential
   • Monitor and assess the current process for multi-jurisdictional market conduct activities and provide appropriate recommendations for enhancement, as necessary.—Essential
   • Evaluate all data currently collected in the NAIC Market Information Systems and considered confidential to determine what, if any, can be made more widely available.—Important
   • Oversee the activities of the Market Information Systems (D) Task Force.—Essential
   • Oversee the activities of the Antifraud (D) Task Force.—Essential
   • Oversee the activities of the Investigations of Life Insurance and Annuity Claims Settlement Practices (D) Task Force.—Essential
   • Monitor the underwriting and market practices of insurers and producers, as well as conditions of insurance marketplaces, including urban markets, to identify specific market conduct issues of importance and concern; hold public hearings on these issues at the NAIC national meetings, as appropriate.—Essential
   • In collaboration with other technical working groups, discuss and share best practices through public forums to address broad consumer concerns regarding personal insurance products.—Essential
   • 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.—Essential
   • Coordinate with the Health Insurance and Managed Care (B) Committee to provide policy recommendations regarding uniform state enforcement of the federal Affordable Care Act (ACA).—Essential

2. The Auto Insurance Study (C/D) Working Group, a joint working group of the Property and Casualty Insurance (C) Committee and the Market Regulation and Consumer Affairs (D) Committee, will:
   • Review issues relating to low-income households and the auto insurance marketplace; make recommendations as may be appropriate.—Essential

3. The Market Actions (D) Working Group will:
   • Facilitate interstate communication and coordinate collaborative state regulatory actions.—Essential

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4. The Market Analysis Procedures (D) Working Group will:
   • Review the Market Conduct Annual Statement (MCAS) data elements and the “Data Call and Definitions” for all lines of business collected in MCAS and update them, as necessary.—Essential
   • Consider recommendations for new lines of business for MCAS and develop an MCAS blank to be used for the collection of data for additional lines of business, where appropriate.—Essential
   • Recommend changes to the market analysis framework based on results over the past five years, including the current set of Level 1 and Level 2 questions.—Essential
   • Discuss other market data-collection issues and make recommendations, as necessary.—Essential

5. The Market Conduct Examination Standards (D) Working Group will:
   • Develop market conduct examination standards.—Essential

6. The Market Regulation Accreditation (D) Working Group will:
   • Develop a formal market regulation accreditation proposal for consideration by the NAIC membership that provides recommendations for the following: 1) accreditation standards; 2) a process for the state implementation of the standards; 3) a process to measure the states’ compliance with the standards; and 4) a process for future revisions to the standards.—Essential

7. The Privacy Disclosures (D) Working Group will:
   • Review the Privacy of Consumer Financial and Health Information Regulation (#672), to determine what, if any, changes should be made to the model regulation to be more consistent with the amendments to Regulation P (Privacy of Consumer Financial Information), which create an alternative electronic delivery option of privacy notices by financial institutions to consumers.—Important
   • Review the sample privacy notices in Model #672, which provide a safe harbor of compliance with state privacy notice requirements, to determine what, if any, changes should be made to the sample privacy notices to be more consistent with the privacy model notice form issued by federal regulatory agencies for use by financial institutions as a safe harbor of compliance with the privacy notification requirements of the federal Gramm-Leach-Bliley Act.—Important

8. The Public Adjuster (C/D) Working Group, a joint working group of the Property and Casualty Insurance (C) Committee and the Market Regulation and Consumer Affairs (D) Committee, will:
   • Review issues related to the unauthorized practice of public adjusting and make recommendations as may be appropriate.—Essential

NAIC Support Staff: Timothy B. 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 by conducting the following activities: maintain and improve electronic databases regarding fraudulent insurance activities; disseminate the results of research and analysis of insurance fraud trends, as well as case-specific analysis, to the insurance regulatory community; and provide a liaison function between insurance regulators, law enforcement (federal, state, local and international) and other specific antifraud organizations. The Task Force also will serve as a liaison with the NAIC Information Systems Division and other NAIC committees, task forces and/or working groups to develop technological solutions for data collection and information-sharing. The Task Force will monitor all aspects of antifraud activities by its working groups on the following charges.

Ongoing Support of NAIC Programs, Products or Services

1. The Antifraud (D) Task Force will:
   • Work with the Title Insurance (C) Task Force to review issues and concerns related to fraud activities and schemes related to title insurance fraud.—Essential

2. The Agent and Unlawful Activities (D) Working Group will:
   • Coordinate efforts to address national concerns related to agent fraud and activities of unauthorized agents related to insurance sales.—Essential

3. The Antifraud Liaison (D) Working Group will:
   • Coordinate activities and information from national antifraud organizations and provide information to state insurance fraud bureaus.—Essential
   • Evaluate and recommend methods to track national fraud trends.—Important

4. The Antifraud Training and Seminar (D) Working Group will:
   • Develop and present seminars, trainings and webinars regarding insurance fraud.—Essential

5. The Federal and International Enforcement Coordination (D) Working Group will:
   • 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 (D) Task Force to the International Association of Insurance Supervisors on its Insurance Core Principles related to insurance fraud.—Essential

6. The Information Sharing and Technology (D) Working Group will:
   • 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

7. The Securities Enforcement Coordination (D) Working Group will:
   • Coordinate the enforcement and investigation efforts of state and federal securities regulators with state insurance fraud bureaus.—Essential

NAIC Support Staff: Greg Welker/Lois E. Alexander
MARKET INFORMATION SYSTEMS (D) TASK FORCE

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

Ongoing Support of NAIC Programs, Products or Services

1. The Market Information Systems (D) Task Force will:
   - Complete implementation of the State Survey Project Action Plan to make changes to the market systems to be consistent with the strategic direction set forth by the Market Regulation and Consumer Affairs (D) Committee—Essential
     - Complaint Database System (CDS).
     - Electronic Forums.
     - Examination Tracking System (ETS).
     - Market Analysis Prioritization Tool (MAPT).
     - Market Analysis Review System (MARS).
     - Market Conduct Annual Statement (MCAS).
     - Market Initiatives Tracking System (MITS).
     - Regulatory Information Retrieval System (RIRS).
     - Special Activities Database (SAD) (in conjunction with the Antifraud (D) Task Force).
   - Develop a plan for making public data collected in the NAIC Market Information Systems more meaningful and widely available.—Important
   - Analyze the data in the NAIC Market Information Systems. If needed, recommend methods to ensure better data quality.—Important
   - Determine how to effectively provide state users query access to NAIC Market Information Systems data.—Important

2. The Regulatory Information Retrieval System (D) Subgroup will:
   - Review the coding structure for RIRS and provide recommended changes to the coding structure. —Important

3. The Market Information Systems Research and Development (D) Working Group will:
   - 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: Ginny Ewing/Craig L. Leonard
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 Support of NAIC Programs, Products or Services

1. The Financial Condition (E) Committee will:
   - Coordinate the remaining activities with respect to the Solvency Modernization Initiative (SMI), including implementation, any remaining policy decisions and ongoing discussions with respect to new ideas to improve solvency regulation.—Essential
   - Appoint and oversee the activities of the following: Accounting Practices and Procedures (E) Task Force; Capital Adequacy (E) Task Force; Examination Oversight (E) Task Force; Receivership and Insolvency (E) Task Force; Reinsurance (E) Task Force; Risk Retention Group (E) Task Force; and Valuation of Securities (E) Task Force.—Essential
   - Consider the development of a template/checklist of questions that state insurance departments could use to facilitate the review of an insurer’s risk management program at the time of a policy form filing related to a contingent deferred annuity (CDA) consistent with the recommendations from the Contingent Deferred Annuity (A) Working Group.—Important
   - Review and determine whether revisions to the Synthetic Guaranteed Investment Contracts Model Regulation (#695) are needed to clarify its relationship with contingent deferred annuities (CDAs).—Essential
   - Recommend salary rate adjustments for examiners.—Essential
   - Utilize the Risk-Focused Surveillance (E) Working Group to address specific industry concerns regarding regulatory redundancy, and review any issues industry subsequently escalates to the Committee.—Essential

2. The Emerging Actuarial Issues (E) Working Group will:
   - Work expeditiously to provide timely guidance for companies seeking to comply with the revisions to Actuarial Guideline XXXVIII—The Application of the Valuation of Life Insurance Policies Model Regulation (AG 38).—Essential
   - Consider questions presented by state regulators and companies with respect to requirements under AG 38, and provide timely guidance after an appropriate public process permitting an abbreviated review and comment period. Such guidance will become effective upon its adoption by the Financial Condition (E) Committee.—Essential
3. 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**
   - Contribute the perspective and expertise of the Working Group via the chair, or his/her representative, to the development of NAIC regulatory guidance for any security under review by the Invested Assets (E) Working Group of the Valuation of Securities (E) Task Force. (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 Assets (E) Working Group.)—**Essential**

4. The **Group Solvency Issues (E) Working Group** will:
   - Continue to develop potential enhancements to the current regulatory solvency system as it relates to group-solvency-related issues.—**Essential**
   - Critically review and provide input and drafting to the IAIS Insurance Groups and Cross-Sectoral Issues Subcommittee or on other IAIS papers dealing with group supervision issues.—**Essential**
   - Assist the International Insurance Relations (G) Committee in developing timely NAIC input into the IAIS Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) by providing a forum for technical (non-policy related) issues to be discussed with those states deemed to be most impacted by the project.—**Essential**
   - Review the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation* (#450) and consider amendments to address issues that have arisen subsequent to the adoption of Model #440 and Model #450 by the NAIC in 2010.—**Essential**
   - Develop required procedures for state regulators to use when leading and participating in supervisory colleges. Encourage and facilitate communication among regulators participating in diverse supervisory colleges to ensure timely and relevant input toward continuing enhancements of required procedures for holding efficient and effective colleges. As necessary, gather data from states that can assist in answering questions policymakers have regarding U.S. supervisory colleges.—**Essential**
   - In collaboration with the National Treatment and Coordination (E) Working Group, develop procedures to implement a consolidated public hearing for acquisitions involving multiple jurisdictions under Model #440 and Model #450.—**Important**
   - Begin to develop an enterprise risk management (ERM) education program for regulators that is designed to maximize the benefit of such training for the ORSA 2015 effective date.—**Essential**
   - Finalize the ORSA Pilot Project that began in 2014 and complete applicable outputs from the project, including a report to Financial Condition (E) Committee.—**Essential**
5. The **Health Reform Solvency Impact (E) Subgroup** will:
   - Monitor and assess the solvency impacts/concerns for health insurers as a result of the federal Affordable Care Act (ACA) and recommend charges for the appropriate Financial Condition (E) Committee groups to address these impacts/concerns.—**Essential**

6. The **Health Reform Exam (E) Technical Group** of the Health Reform Solvency Impact (E) Subgroup will:
   - Monitor and update the examiners role in reviewing the medical loss ratio reported by insurers to the U.S. Department of Health and Human Services (HHS). Also work with HHS to update standard examination procedures surrounding the review and reporting of the medical loss ratio.—**Essential**

7. The **Mortgage Guaranty Insurance (E) Working Group** will:
   - Develop changes to the *Mortgage Guaranty Insurers Model Act* (#630) and other areas of solvency regulation of mortgage guaranty insurers.—**Essential**

8. 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 AICPA exposure drafts.—**Essential and Ongoing**
   - Monitor the federal Sarbanes-Oxley Act, as well as rules and regulations promulgated by the SEC, 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.—**Ongoing**

9. The **Variable Annuities Issues (E) Working Group** will:
   - Oversee the NAIC’s efforts to study and address, as appropriate, regulatory issues resulting in variable annuity captive reinsurance transactions.
10. The National Treatment and Coordination (E) Working Group will:
   • Increase utilization and implementation of the *Company Licensing Best Practices Handbook.*—*Essential*
   • 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 for any needed modifications or revisions to the work of the Working Group.—*Essential*
   • Address the future work items identified in the completion of the *Company Licensing Best Practices Handbook* project.—*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 *Insurance Holding Company System Regulatory Act* (#440) and update the Form A Database.—*Essential*

11. The **Biographical Third-Party Review (E) Subgroup** of the National Treatment and Coordination (E) Working Group will:
   • Increase the uniformity of the third-party vendors that prepare background investigative reports to those state insurance departments that require them. Reduce the inefficiency of applications by developing procedures and approval processes.—*Essential*
   • Monitor the ongoing adherence of background investigation reports and third-party vendors.—*Essential*
   • 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.—*Essential*

12. The **Company Licensing Transactions (E) Subgroup** of the National Treatment and Coordination (E) Working Group will:
   • Continue to reduce state-specific requirements, including the need for hardcopies and 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*

13. The **Private Equity Issues (E) Working Group** will:
   • Consider development of procedures that regulators can use when considering ways to mitigate or monitor risks associated with private equity/hedge fund ownership or control of insurance company assets, including the development of best practices and consideration of possible changes in NAIC policy positions as deemed appropriate.—*Essential*
14. 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**
   - Consider specific regulatory redundancy issues provided by interested parties and provide recommendations to other NAIC committee groups as needed.—**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 financial analysis process and consider the development of enhancements to further incorporate a review of prospective solvency risks.—**Essential**
   - Develop more effective means for the financial analysis and examination functions to continually monitor and communicate the results of their review of significant solvency risks facing an insurer.—**Essential**
   - Identify and document the regulatory skillsets necessary to effectively monitor the solvency of insurers under an evolving risk-focused surveillance framework.—**Essential**
   - Consider recommendations to the Financial Regulation Standards and Accreditation (F) Committee for the purpose of evaluating the suitability of insurance department staffing in relation to the necessary skillsets.—**Essential**
   - Develop standardized job descriptions/requirements for common solvency monitoring positions to assist insurance departments in attracting and maintaining suitable staff.—**Essential**

15. The **Risk-Limiting Contracts (E) Working Group** will:
   - Develop regulatory guidance on how to evaluate risk transfer as it pertains to reinsurance contracts with risk limiting features and also evaluate how current actuarial/accounting practices used to monitor a company’s financial strength need to be enhanced due to distortions from these contracts.

16. The **Separate Account Risk (E) Working Group** will:
   - Study the need to modify existing 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**

17. The **Surplus Lines Financial Analysis (E) Working Group** will:
   - Provide NAIC/International Insurers Department (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*.—**Essential and 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 *Quarterly Listing of Alien Insurers*. Additionally, refer suggestions for improvements for the IID annual reporting standards and forms. —**Essential**

NAIC Support Staff: Todd Sells/Dan Daveline/Julie Gann/Bruce Jenson
ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE

The mission of the Accounting Practices and Procedures (E) Task Force is to identify, investigate and develop solutions to accounting problems with the ultimate goal of guiding insurers in properly accounting for various aspects of their operations 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 **Accounting Practices and Procedures (E) Task Force** will:
   - Oversee the activities of the Blanks (E) Working Group, the Emerging Accounting Issues (E) Working Group and the Statutory Accounting Principles (E) Working Group.—*Essential*

2. 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) develop reporting formats for other entities subject to the jurisdiction of state insurance departments; 3) conform the various NAIC blanks and instructions to adopted NAIC policy; and 4) oversee the development of additional reporting formats within the existing annual financial statements as needs are identified.—*Essential and Ongoing*
   - Continue to monitor state filing checklists to maintain current filing requirements.—*Essential and Ongoing*
   - Continue to monitor and improve the quality of financial data filed by insurance companies by recommending improved or additional language for the *Annual Statement Instructions*.—*Essential and Ongoing*
   - Continue to monitor and review all proposals necessary for the implementation of statutory accounting guidance to ensure proper implementation of any action taken by the Accounting Practices and Procedures (E) Task Force affecting annual financial statements and/or instructions.—*Essential and Ongoing*
   - 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 and Ongoing*
   - When a class of securities is being reviewed by the Invested Assets (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 and Ongoing*
   - Adjust blanks and instructions to develop principle-based reserving (PBR) reporting under the framework developed by the PBR Review (EX) Working Group.—*Essential*
   - Coordinate with the Life Actuarial (A) Task Force to utilize any special reports developed and avoid duplication of reporting.—*Essential*

3. The **Investment Reporting (E) Subgroup** of the Blanks (E) Working Group will:
   - Review requests for investment schedule blanks and instructions changes in connection with the work being performed by the Investment Risk-Based Capital (E) Working Group. The Subgroup will review for technical changes and/or clarifications to the blanks and instructions.—*Essential and Ongoing*
   - Review changes requested by other NAIC groups, including, but not limited to, the Valuation of Securities (E) Task Force, the Statutory Accounting Principles (E) Working Group and the Invested Asset (E) Working Group as it relates to their work on other invested assets reporting for technical consistency within the investment reporting schedules and instructions. This includes requests by interested parties for reporting instruction clarifications.—*Essential and Ongoing*
4. 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 and Ongoing
   • Evaluate individual statutory accounting issues based on its established timeline and report its findings to the Accounting Practices and Procedures (E) Task Force.—Essential and Ongoing

5. 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 and Ongoing
   • 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 Statutory Accounting Principles Working Group, or his or her representative, will be deemed a member of the Invested Assets (E) Working Group of the Valuation of Securities (E) Task Force. The chair, or his or 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
   • 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.—Essential and Ongoing
   • Coordinate with the Life Actuarial (A) Task Force on changes to the Accounting Practices and Procedures Manual related to the Valuation Manual VM-A, Requirements, and VM-C, Actuarial Guidelines, and other valuation manual requirements. This process will include the receipt of periodic reports on changes to the valuation manual on items that require coordination as well as the development of an accounting mechanism to address reserve volatility.—Essential and Ongoing
   • Develop the proposed definition for “Primary Security” for use in the Principle-Based Reserving Implementation (EX) Task Force’s future consideration of a proposed XXX/AXXX Reinsurance Model Regulation.—Essential
   • Develop a Note to the Audited Financial Statements regarding compliance with the XXX/AXXX Reinsurance Model Regulation—Essential

6. The Restricted Asset (E) Subgroup of the Statutory Accounting Principles (E) Working Group will:
   • Address issues related to assets that are pledged or restricted, which include, but are not limited to: repurchase/reverse repurchase agreements and tri-party repurchase agreements, qualified financial contracts, Federal Home Loan Bank (FHLB) transactions and assets held under reinsurance trusts.—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. The **Capital Adequacy (E) Task Force** will:
   - Evaluate emerging “risk” issues for referral to the risk-based capital (RBC) working groups/subgroups for certain issues involving more than one RBC formula. Monitor emerging and existing risks relative to their consistent or divergent treatment in the three RBC formulas.—**Essential**
   - When a class of securities is being reviewed by the Invested Asset (E) Working Group, the chair of Capital Adequacy (E) Task Force and Life Risk-Based Capital (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 or 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**
   - Develop an appropriate “RBC cushion” for an insurer ceding XXX/AXXX policies when the assuming reinsurer does not file an RBC report using the NAIC RBC formula and instructions.—**Essential**
   - Develop appropriate asset charges for the forms of “other security” used by insurers under the XXX/AXXX Reinsurance Model Regulation. These charges should then be considered for incorporation into the RBC cushion developed in accordance with the previous charge.—**Essential**
   - Determine whether the current RBC C-3 treatment of qualified actuarial opinions is adequate for the purposes of the risks of XXX/AXXX reinsurance transactions that receive qualified actuarial opinions.—**Essential**

2. The **Health Risk-Based Capital (E) Working Group, Life Risk Based Capital (E) Working Group** and **Property and Casualty Risk-Based Capital (E) Working Group** will:
   - Evaluate refinements to the existing NAIC RBC formulas implemented in 2014. Forward final version of the structure of the 2015 life, P/C, health and fraternal RBC formulas to the Financial Condition (E) Committee by June 2015.—**Essential**
   - Consider improvements and revisions to the various RBC blanks to 1) conform these RBC blanks to changes made in other areas of the NAIC to promote uniformity; and 2) oversee the development of additional reporting formats within the existing RBC blanks as needs are identified. Any proposal that affects the RBC structure must be adopted no later than April 30 in the year of the change and adopted changes will be forwarded to the Financial Condition (E) Committee by the next scheduled meeting or conference call. Any adoptions made to the annual financial statement blanks or statutory accounting principles that affect a RBC change adopted by April 30 and results in an amended change may be considered by July 30 for the current year reporting period. Any RBC proposal that affects the annual financial statement blank must be adopted no later than the Spring National Meeting in the year of the change.—**Essential**
   - 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 Task Force continue to meet regulatory objectives.—**Essential**
   - 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 2013 RBC filings at the summer and fall meetings.—**Essential**
3. The C-3 Phase II/AG 43 (E/A) Subgroup, a joint subgroup of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force, will:
   • Evaluate the overall effectiveness of the C-3 Phase II and AG 43 methodologies used to evaluate the market risk component of RBC by conducting an in-depth analysis of the models, modeling assumptions, processes, supporting documentation and results of a sample of companies writing variable annuities with guarantees, and to make recommendations to the Capital Adequacy (E) Task Force or the Life Actuarial (A) Task Force on any changes to the methodologies to improve their overall effectiveness.—Essential

4. The Stress Testing (E) Subgroup of the Life Risk-Based Capital (E) Working Group will:
   • Evaluate RBC in light of PBR. Consider changes to RBC needed because of the changes in reserve values, including “right sizing” of reserves, margins in the reserves, any expected increase in reserve volatility, and the overall desired level of solvency measurement and other issues.—Essential
   • Consider a total balance sheet approach (e.g., total asset requirement (TAR) type calculation and then subtracting out the PBR reserves) and application of stress scenarios. These charges should include appropriate consideration of international core principles.—Important

5. The Catastrophe Risk (E) Subgroup of the Property and Casualty Risk-Based Capital (E) Working Group will:
   • Recalculate the premium risk factors on an ex-catastrophe basis, if needed.—Essential
   • Continue to update the U.S. and non-U.S catastrophe event list.—Essential
   • Continue to evaluate the need for exemption criteria for insurers with minimal risk.—Essential
   • Evaluate the RBC results inclusive of a catastrophe risk charge first reported as of 2013.—Essential
   • Refine instructions for the catastrophe risk charge.—Essential
   • Continue to evaluate any necessary refinements to the catastrophe risk charge.—Essential

6. The Investment Risk-Based Capital (E) Working Group will:
   • Evaluate relevant historical data and apply defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to the current asset risk structure and factors in each of the risk-based capital formulas and delivering those recommendations to the Capital Adequacy (E) Task Force.—Essential

7. The Operational Risk (E) Subgroup will:
   • Evaluate options for developing an operational risk charge in each of the RBC formulas and provide a recommendation to the Capital Adequacy (E) Task Force as to treatment of operational risk in the RBC formulas.—Essential

NAIC Support Staff: Jane Barr
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 input and comments to the International Association of Insurance Supervisors (IAIS) or other related groups on issues regarding international risk-management concepts.—Important
   • Provide ongoing maintenance and enhancements to the Form A Database and monitor its usage.—Important
   • 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 Electronic Workpaper (E) Working Group will:
   • Develop a formal recommendation to fulfill the long-term needs of regulators in utilizing electronic workpapers to conduct and document solvency monitoring activities.—Essential

4. 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 financial 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 and incorporate guidance into the Financial Analysis Handbooks to assist analysts in reviewing Own Risk and Solvency Assessment (ORSA) Summary Reports.—Essential
   • In compliance with the framework developed by the PBR Review (EX) Working Group:
     o Provide advice to regulators, identifying and judging risk, establishing Level 1 and Level 2 procedures, identifying frequency of model reviews, and documenting some best practices. Address all risks, financial and non-financial (e.g., ERM, board, corporate governance and ORSA).—Important
     o Adjust the Financial Analysis Handbook to develop principle-based reserving (PBR) changes.—Important
   • Continue incorporating enhancements that encourage coordination of analysis activities within holding company groups.—Essential
EXAMINATION OVERSIGHT (E) TASK FORCE (Continued)

5. The **Financial Analysis Research and Development (E) 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 help ensure that 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 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 Financial Examination Electronic Tracking System (FEETS). 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 and maintain guidance in the [Financial Condition Examiners Handbook](#) to assist examiners in reviewing Own Risk and Solvency Assessment (ORSA) Summary Reports.—*Essential*
   - Continually review the [Financial Condition Examiners Handbook](#) and revise, as appropriate.—*Essential*
   - 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 risk-assessment process by developing additional guidance and exhibits within the [Financial Condition Examiners Handbook](#), including the use of interim examination procedures, development of the branded risk classifications as a communication tool between examiners and analysts, and other guidance as needed to assist examiners in completing financial condition examinations.—*Important*
   - Coordinate with the Financial Analysis Handbook (E) Working Group to develop and maintain guidance for reviewing ORSA Summary Reports, corporate governance and other projects as necessary in order to provide effective solvency monitoring.—*Important*
   - In compliance with the framework developed by the PBR Review (EX) Working Group:
     - Provide advice to regulators, identifying and judging risk, building repositories, evaluating controls, determining the extent of data quality testing (by actuaries and examiners), identifying frequency of model reviews, and documenting some best practices. Address all risks, financial and non-financial (e.g., ERM, board, corporate governance and ORSA).—*Important*
     - Adjust the [Financial Condition Examiners Handbook](#) to develop PBR changes.—*Important*
EXAMINATION OVERSIGHT (E) TASK FORCE (Continued)

- 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

8. The Financial Examination Report (E) Subgroup of the Financial Examiners Handbook (E) Technical Group will:
   - Review existing requirements for examination reports and consider revisions to align with examination objectives. The Subgroup will provide its recommendations to the Financial Examiners Handbook (E) Technical Group.—Essential

9. The IT Examination (E) Working Group will:
   - Monitor state usage of automated examination tools, 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: Continue offering on-site training programs that are available to the states upon request.—Essential
   - 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 information technology (IT) examination process.—Essential

NAIC Support Staff: Becky Meyer
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. The Receivership and Insolvency (E) Task Force will:
   - Monitor and promote efficient operations of receiverships and guaranty funds.—Essential
   - Monitor and promote state adoption of receivership related model acts and regulations.—Essential
   - Provide input and comments to the International Association of Insurance Supervisors (IAIS) or other related groups on issues regarding international resolution authority.—Essential
   - Monitor, review and provide input on federal rulemaking and studies related to insurance receivership.—Essential
   - Monitor the work of other NAIC committees, task forces and working groups to identify and address any issues that impact receivership law and/or regulatory guidance.—Essential
   - Perform additional work as directed by the Financial Condition (E) Committee and/or received through referral by other groups.—Essential
   - Monitor Federal Home Loan Bank (FHLB) legislation pending in and enacted by the states, and the impact on insurance companies in those states.—Essential

2. The Receivership Financial Analysis (E) Working Group will:
   - 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/or action(s) with regard to the receiverships.—Essential

3. The Receivership Model Law (E) Working Group will:
   - Study and provide a recommendation for encouraging the states’ adoption of critical/essential and non-controversial provisions of Insurer Receivership Model Act (#555) and encouraging the states’ adoption of other related model laws including the Life and Health Insurance Guaranty Association Model Act (#520) and the Property and Casualty Insurance Guaranty Association Model Act (#540).—Essential
   - Review and provide recommendations on any issues identified that may impact receivership model laws. For example, any issues that arise as a result of federal rulemaking and studies, or as a result of the work performed by other NAIC committees, task forces and working groups.—Essential
4. The Receivership Technology and Administration (E) Working Group will:
   • Promote receivership best practices through updates, when needed, to the Uniform Data Standards. —**Essential**
   • Provide ongoing maintenance and enhancements to the Receiver’s Handbook for Insurance Company Insolvencies.—**Essential**
   • Develop improved guidance on pre-receivership communication and information gathering, and refer that guidance to the appropriate NAIC handbooks.—**Essential**
   • Monitor, maintain and enhance the Global Receivership Information Database (GRID).—**Essential**
   • Perform additional work as directed by the Task Force to address or provide guidance on technical receivership issues.—**Essential**

NAIC Support Staff: Jane Koenigsman
REINSURANCE (E) TASK FORCE

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

Ongoing Support of NAIC Programs, Products or Services

1. The **Reinsurance (E) Task Force** will:
   - Provide a forum for the consideration of reinsurance-related issues of public policy.—**Essential**
   - Oversee the activities of the Reinsurance Financial Analysis (E) Working Group.—**Essential**
   - Oversee the activities of the Qualified Jurisdiction (E) Working Group.—**Essential**
   - Monitor the implementation of the revised *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786) by NAIC-member jurisdictions.—**Essential**
   - Communicate and coordinate with the Federal Insurance Office and other federal authorities on matters pertaining to reinsurance.—**Essential**
   - Consider recommendations referred to the Task Force with respect to the *Captives and Special Purpose Vehicles (SPV)* white paper.—**Essential**
   - Consider the referral from the Valuation of Securities (E) Task Force regarding the planned modification of credit rating standards in the NAIC Bank List and advice about the definition of “qualified U.S. financial institution” and other issues.—**Essential**
   - Consider any other issues related to the revised Model #785 and Model #786.—**Important**
   - 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**
   - Consider the impact of reinsurance-related federal legislation, including, but not limited to, the federal Nonadmitted and Reinsurance Reform Act and the Federal Insurance Office Act, and coordinate any appropriate NAIC action.—**Important**
   - Consider referrals with respect to the XXX/AXXX Reinsurance Framework.—**Essential**

2. The **Reinsurance Financial Analysis (E) Working Group** will:
   - Provide advisory support and assistance to states in the review of reinsurance collateral reduction applications. Such a process with respect to the review of applications for reinsurance collateral reduction and qualified jurisdictions should strengthen state regulation and prevent regulatory arbitrage.—**Essential**
   - Provide a forum for discussion among NAIC jurisdictions of reinsurance issues related to specific companies, entities or individuals.—**Essential**
   - Support, encourage, promote and coordinate multi-state efforts in addressing issues related to certified reinsurers, including but not limited to multi-state recognition of certified reinsurers.—**Essential**
   - Provide analytical expertise and support to the states with respect to certified reinsurers and applicants for certification.—**Essential**
   - Interact with domiciliary regulators of ceding insurers and certifying states to assist and advise on the most appropriate regulatory strategies, methods and actions with respect to certified reinsurers. —**Essential**
   - Provide guidance and expertise on regulatory policy and practices with respect to certified reinsurers. —**Essential**
   - Provide advisory support with respect to issues related to the determination of qualified jurisdictions. —**Important**
3. The **Qualified Jurisdiction (E) Working Group** will:
   - Develop and maintain the NAIC List of Qualified Jurisdictions in accordance with the *Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions.*—**Essential**

NAIC Support Staff: Dan Schelp/Josh Arpin
RISK RETENTION GROUP (E) TASK FORCE

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

Ongoing Support of NAIC Programs, Products or Services

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

NAIC Support Staff: Julie L. Garber
VALUATION OF SECURITIES (E) TASK FORCE

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

Ongoing Support of NAIC Programs, Products or Services

1. The Valuation of Securities (E) Task Force will:
   - Review and monitor operations of the NAIC Securities Valuation Office (SVO) and the NAIC Structured Securities Group (SSG) to ensure they continue to reflect regulatory objective.—Essential
   - Maintain and revise the Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual) to provide solutions to investment-related regulatory issues for existing or anticipated investments.—Essential
   - Monitor changes in accounting and reporting requirements resulting from continuing maintenance of the Accounting Practices and Procedures Manual, and financial statement blanks and instructions to ensure that the P&P Manual continues to reflect regulatory objectives.—Essential
   - Consider if improvements should be suggested to the measurement, reporting and evaluation of invested assets by the NAIC as the result of a) newly identified types of invested assets; b) newly identified investment risks within existing invested asset types; or c) elevated concerns regarding previously identified investment risks.—Essential
   - Identify potential improvements to the credit filing process, including formats and electronic system enhancements.—Important
   - Provide effective oversight and direction to the NAIC’s mortgage-backed securities modeling firms and consultants.—Essential
   - Study the impact to the different areas of NAIC, and to the state insurance regulatory structure, of modifying the existing NAIC credit assessment framework by changing the NAIC designations and NAIC designation categories, plus the impact of adopting asset-category-specific credit assessment frameworks.—Important

The study should include identifying what changes are required in:
   - How NAIC designations are used in state investment laws, rules and regulations (including derivatives use laws).
   - NAIC regulatory guidance, including, but not limited to, NAIC model laws, the P&P Manual, the Accounting Practices and Procedures Manual, the financial statement blanks and instructions.
   - SVO credit-assessment operations, such as SVO industry and credit profiles, financial ratios, peer groups, credit committees and related internal processes and systems such as the Integrated Securities Information System (ISIS) and Valuation of Securities (VOS) databases.
   - NAIC processes and operations, including computer and other systems, NAIC products, services and departments, and credit rating provider (CRP) equivalency tables.
   - Coordinate with other NAIC working groups and task forces, including, but not limited to, the Capital Adequacy (E) Task Force, Investment Risk-Based Capital (E) Working Group, Statutory Accounting Principles (E) Working Group and Blanks (E) Working Group to formulate recommendations relating to the amendments and strategies that will be needed to facilitate implementation of any changes adopted.—Important
VALUATION OF SECURITIES (E) TASK FORCE (Continued)

2. The **Invested Assets (E) Working Group** will:
   - Research and analyze the investment risks associated with current or innovative investments and provide recommendations to the Task Force regarding admissibility under state investment laws, potential accounting, reporting, risk-based capital treatment, etc.—*Essential*
   - Coordinate the process by which suggestions pertaining to the NAICs measurement, reporting and evaluation of invested assets are considered by other NAIC groups, including those that maintain statutory accounting, annual financial statement instructions, blanks reporting, asset and interest maintenance reserving, risk-based capital and other applicable guidance.—*Essential*
   - Undertake any other assignment or charge from the Task Force.—*Essential*

NAIC Support Staff: Charles Therriault/Robert Carcano
FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE

The mission of the Financial Regulation Standards and Accreditation (F) Committee shall be both administrative and substantive as they relate to administration and enforcement of the NAIC Financial Regulation Standards and Accreditation Program, including, without limitation, consideration of standards and revisions of standards for accreditation; interpretation of standards; 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. The Financial Regulation Standards and Accreditation (F) Committee will:
   - Maintain and strengthen the NAIC Financial Regulation Standards and Accreditation Program. —Essential
   - 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
   - Conduct a yearly review of accredited jurisdictions.—Essential
   - 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
   - Render advisory opinions and interpretations of model laws required for accreditation and on substantial similarity of state laws.—Essential
   - Review existing standards for effectiveness and relevancy and make recommendations for change, if appropriate.—Essential
   - 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
   - Maintain and update the NAIC’s “Financial Regulation Standards and Accreditation Program” pamphlet. —Essential
   - Perform enhanced pre-accreditation review services including, but not limited to, additional staff support, increased participation, enhanced report recommendations and informal feedback.—Essential
   - As the various work products are adopted by the Principle-Based Reserving (EX) Task Force, Executive Committee, and Plenary, consider them for inclusion in the Part A and Part B Accreditation Standards.—Essential

NAIC Support Staff: Julie L. Garber
INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE

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

Ongoing Support of NAIC Programs, Products or Services

1. The International Insurance Relations (G) Committee will:

• Develop NAIC policy on international insurance matters and participate in the work of the International Association of Insurance Supervisors (IAIS), including the development and implementation of global standards and guidance, activities to promote supervisory best practices and global financial stability. At the IAIS, promote open and transparent communication to IAIS members and stakeholders, as well as input from all members and stakeholders.—Essential

• Participate in and contribute to discussions and work on cross-border and cross-sector issues, where appropriate, at the Joint Forum, the Financial Stability Board (FSB) and the Group of Twenty Finance Ministers and Central Bank Governors (G-20) by coordinating with U.S. financial regulators and seeking opportunities for direct engagement.—Essential

• Coordinate state efforts to assist in achieving U.S. trade objectives through providing assistance and expertise on insurance matters to the Office of the United States Trade Representative (USTR) or other federal audiences regarding multi-lateral trade agreements and regional and bilateral trade negotiations by participating in dialogues and information exchanges; attending meetings; and reviewing and commenting on documents generated through trade discussions.—Essential

• Participate in the Organization for Economic Cooperation and Development (OECD) Insurance and Private Pensions Committee and subcommittee meetings, 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. state-based system of insurance regulation.—Essential

• Maintain regular bilateral and multilateral dialogues with non-U.S. insurance supervisors to address prudential and consumer issues of mutual concern, explore ways to increase cooperation and collaboration, as well as training and education; and facilitate the exchange of information among regulators to enhance domestic regulation.—Essential

• Coordinate the NAIC’s participation in the International Monetary Fund/World Bank Financial Sector Assessment Program (FSAP), including the referral of specific issues for consideration by other NAIC committees, task forces and/or working groups.—Essential

• Coordinate international efforts with domestic stakeholder groups, including state legislative associations such as The National Conference of Insurance Legislators (NCOIL), and educating both federal and state legislators and policymakers on the implications of global insurance standard making on domestic markets, consumer protection and economic development in coordination with the Government Relations (EX) Leadership Council.—Essential

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2. The **International Regulatory Cooperation (G) Working Group** will:
   - 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.—**Essential**
   - Conduct an International Fellows Program and educational (technical assistance) seminars to provide an understanding of the U.S. state-based system of insurance regulation; and establishing fellowship opportunities between U.S. and foreign insurance regulatory bodies.—**Essential**
   - 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 provide more efficient and effective technical assistance.—**Essential**

3. The **ComFrame Development and Analysis (G) Working Group** will:
   - Provide ongoing technical review as well as expedited strategic input on the IAIS Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame), as well as international group capital developments; facilitate the input and participation of U.S. insurance regulators in the IAIS field-testing process.—**Essential**
   - Assist in communicating on ComFrame and capital developments-related matters with other parties, including the Federal Reserve Board and the U.S. Department of the Treasury, as appropriate; develop a possible approach for a U.S.-based group capital standard for internationally active insurance groups and collaborate in its development with other parties, including the U.S. Department of the Treasury, the Federal Reserve Board and key industry stakeholders, as appropriate.—**Essential**
   - Coordinate and liaise with relevant NAIC committees, federal agencies such as the Federal Reserve and the Department of the Treasury, interested parties and stakeholders as appropriate.—**Essential**

NAIC Support Staff: Eric Thompson/Ryan Workman/Ekrem Sarper/Gita Timmerman
APPENDIX 1

NAIC/CONSUMER LIAISON COMMITTEE

The mission of the NAIC/Consumer Liaison Committee is to assist the NAIC in its mission to support state insurance regulation by providing consumer views on insurance regulatory issues.

NAIC Support Staff: Lois E. Alexander

NAIC/AMERICAN INDIAN AND ALASKA NATIVE LIAISON COMMITTEE

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

NAIC Support Staff: Lois E. Alexander

NAIC/INDUSTRY LIAISON COMMITTEE

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

NAIC Support Staff: Mark Sagat/Chara Bradstreet

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/Chara Bradstreet
APPENDIX 2

NAIC AUDIT COMMITTEE
Committee Charter

A. Continuous Activities – Audit Oversight

1. Provide an open avenue of communication between the independent auditor and the Executive (EX) Committee and Internal Administration (EX1) Subcommittee.

2. Confirm and assure the independence of the independent auditor.

3. Inquire of management and the independent auditor about significant risks or exposures and assess the steps management has taken to minimize such risk.

4. Consider and review with the independent auditor:
   a. Related findings and recommendations of the independent auditor with management’s responses, as documented in the SAS 114 letter from the independent auditor.
   b. The adequacy of internal controls including computerized information system controls and security, as documented in the SAS 115 letter from the independent auditor.
   c. Significant findings during the year, including the status of previous audit recommendations.
   d. Any difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information.

5. Meet periodically with the independent auditor in separate executive sessions to discuss any matters that the Committee believes should be discussed privately with the Committee.

6. Report periodically to the Executive (EX) Committee and Internal Administration (EX1) Subcommittee on significant results of the foregoing activities.

7. Instruct the independent auditor that the Executive (EX) Committee and Internal Administration (EX1) Subcommittee are the auditor’s clients.

B. Continuous Activities – Reporting Policies

1. Advise financial management and the independent auditor they are expected to provide a timely analysis of significant current financial reporting issues and practices.

2. Inquire as to the auditor’s independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and the clarity of the financial disclosure practices.

3. Inquire as to the auditor’s views about whether management’s choices of accounting principles are conservative, moderate or aggressive from the perspective of income, asset, and liability recognition, and whether those principles are common practices or are minority practices.

4. Inquire as to the auditor’s views about how choices of accounting principles and disclosure practices may affect members, insurance industry, and public views and attitudes.
APPENDIX 2 (continued)

C. Continuous Activities – Financial Management Oversight

1. Review the monthly consolidated financial statements and receive regular reports from executive management on the financial operations of the association.

2. Meet prior to or at each national meeting, or more frequently as circumstances require. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.

3. Report on significant results of the foregoing activities to the Executive (EX) Committee and Internal Administration (EX1) Subcommittee, on a regular basis.

D. Scheduled Activities

1. Recommend the selection of the independent auditor for approval by the Executive (EX) Committee and Internal Administration (EX1) Subcommittee, approve the compensation of the independent auditor, and review and approve the discharge of the independent auditor.

2. Review with management and the independent auditor each year, the audit scope and plan of the independent auditor.
   a. The independent auditor’s audit of the financial statements, accompanying footnotes and its report thereon.
   b. Any significant changes required in the independent auditor’s audit plans.
   c. Any difficulties or disputes with management encountered during the course of the year under audit.
   d. Other matters related to the conduct of the audit, which are to be communicated to the Committee under Generally Accepted Auditing Standards.

3. Review and approve needs-based funding allocations, as needed.

4. Review and update the Committee’s Charter, on at least an annual basis.

E. When Necessary Activities

1. Arrange for the independent auditor to be available to the full Executive (EX) Committee and Internal Administration (EX1) Subcommittee, as needed.

2. Review and approve requests for any management consulting engagement to be performed by the independent auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter.

3. Conduct and/or authorize investigations into any matters within the Committee’s scope of responsibilities. The Committee shall be empowered to retain independent counsel and other professionals to assist in the conduct of any investigation.

4. Ensure members of the Committee receive the appropriate orientation to the Committee and receive a copy of the Policy Manual.