

## 2017 ADOPTED COMMITTEE CHARGES

*Dec. 13, 2016—Adopted during the joint meeting of Executive (EX) Committee and Plenary  
April 11, 2017—Amendments to charges adopted during the joint meeting of Executive (EX) Committee and Plenary  
August 9, 2017—Amendments to charges adopted during the joint meeting of Executive (EX) Committee and Plenary  
October 24, 2017—Amendments to charges adopted during the joint meeting of Executive (EX) Committee and Plenary*

### EXECUTIVE (EX) COMMITTEE

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

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

1. The **Executive (EX) Committee** will:
  - A. Identify the goals and priorities of the organization and make recommendations to achieve such goals and priorities, based on input of the membership. Make recommendations by the 2017 Commissioners Conference.
  - B. Create/terminate task force(s) and/or Executive (EX) Committee-level working groups to address special issues and monitor the work of these groups. Create necessary task forces and/or Executive (EX) Committee-level working groups throughout 2017 as necessary.
  - C. Submit reports and recommendations to NAIC members concerning the activities of its subcommittee and the standing committees. Submit report at each national meeting.
  - D. Consider requests from NAIC members for friend-of-the-court briefs.
  - E. Establish and allocate functions and responsibilities to be performed by each NAIC zone.
  - F. Pursuant to the Bylaws, oversee the NAIC offices to assist the organization and the individual members in achieving the goals of the organization.
  - G. Conduct strategic planning on an ongoing basis.
  - H. Plan, implement and coordinate communications and activities with the Federal Insurance Office (FIO).
  - I. Plan, implement and coordinate communications and activities with other state, federal, local and international government organizations to advance the goals of the NAIC and promote understanding of state insurance regulation.
  - J. Review and approve requests for the development of model laws and/or regulations. Coordinate the review of existing model laws and/or regulations.
  - K. Select NAIC national meeting sites five and six years in advance of the meeting date to ensure efficient and economical locations and facilities.
  - L. Review and revise, as necessary and appropriate, the criteria and categories for registrants at NAIC national meetings.

NAIC Support Staff: Andrew J. Beal/Kay Noonan

## FINANCIAL STABILITY (EX) TASK FORCE

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

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

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

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

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

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

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

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

NAIC Support Staff: Ethan Sonnichsen

## INNOVATION AND TECHNOLOGY (EX) TASK FORCE

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

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

1. The **Innovation and Technology (EX) Task Force** will:
  - A. Provide a forum for the discussion of innovation and technology developments in the insurance sector, including the collection and use of data by insurers and state insurance regulators—as well as new products, services and distribution platforms—in order to educate state insurance regulators on how these developments impact consumer protection, insurer and producer oversight, marketplace dynamics, and the state-based insurance regulatory framework.
  - B. Develop regulatory guidance, white papers, model laws and/or regulations, or make other recommendations to the Executive (EX) Committee, as appropriate.
  - C. Discuss regulatory issues that arise with the development of autonomous vehicles; study and, if necessary, develop recommendations for changes needed to the state-based insurance regulatory framework; consider development of a white paper or model legislation, if necessary.
  - D. Discuss emerging issues related to on-demand insurance applications—in addition to potential implications on the state-based insurance regulatory structure—including, but not limited to, cancellations, nonrenewals, coverage issues, notice provisions and policy-delivery requirements.
  - E. Coordinate with other NAIC committees and task forces, as appropriate, on technology and innovation issues.
2. The **Big Data (EX) Working Group** will:
  - A. Review current regulatory frameworks used to oversee insurers' use of consumer and non-insurance data. If appropriate, recommend modifications to model laws/regulations regarding marketing, rating, underwriting and claims, regulation of data vendors and brokers, regulatory reporting requirements, and consumer disclosure requirements.
  - B. Propose a mechanism to provide resources and allow states to share resources to facilitate states' ability to conduct technical analysis of and data collection related to states' review of complex models used by insurers for underwriting, rating and claims. Such a mechanism shall respect and in no way limit states' regulatory authority.
  - C. Assess data needs and required tools for state insurance regulators to appropriately monitor the marketplace and evaluate underwriting, rating, claims and marketing practices. This assessment shall include gaining a better understanding of currently available data and tools, as well as recommendations for additional data and tools as appropriate. Based upon this assessment, propose a means to collect, house and analyze needed data.
3. The **Cybersecurity (EX) Working Group** will:
  - A. Monitor developments in the area of cybersecurity.
  - B. Advise, report and make recommendations to the Innovation and Technology (EX) Task Force on cybersecurity issues.
  - C. Coordinate activities with NAIC standing committees and their task forces and working groups regarding cybersecurity issues.
  - D. Continue development of the Insurance Data Security Model Law. This model law is specific to insurers, brokers, and other state-regulated entities regarding cybersecurity standards.
  - E. Represent the NAIC and communicate with other entities/groups, including the sharing of information as may be appropriate, on cybersecurity issues.
  - F. Perform such other tasks as may be assigned by the Innovation and Technology (EX) Committee relating to the area of cybersecurity.

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

4. The **Speed to Market (EX) Working Group** will:
  - A. Provide a forum for discussion and recommendations related to product filing needs, efficiencies and effective consumer protection.
  - B. Provide a forum for the review, discussion and recommendation regarding rate and form filing needs as impacted by the federal Affordable Care Act (ACA).
    1. Provide policy support and guidance regarding System for Electronic Rate and Form Filing (SERFF) enhancements necessary for the states to comply with state law, federal law and/or contractual obligations.
    2. Provide a forum for discussing product filing issues related to the activity of the U.S. Department of Health and Human Services (HHS) and the federal Center for Consumer Information and Insurance Oversight (CCIIO).
    3. Provide input and guidance to other NAIC committees related to the ACA.
  - C. Provide direction to, receive input from and hear reports concerning the SERFF Advisory Board activity related to SERFF.
  - D. Provide direction to NAIC staff regarding SERFF functionality, development and enhancements.
  - E. In collaboration with the National Treatment and Coordination (E) Working Group, evaluate synergies between corporate changes/amendments, as well as rate and form filing review and approval, to improve efficiency.
  - F. Conduct the following activities as desired by the Interstate Insurance Product Regulation Commission (IIPRC):
    1. Provide support to the IIPRC as the speed to market vehicle for asset-based insurance products, encouraging state participation in, and industry usage of, the IIPRC, as requested.
    2. Receive a report from the IIPRC at each national meeting.
  - G. Oversee the work of the **Operational Efficiencies (EX) Subgroup** to include:
    1. 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.
    2. Maintain the speed to market assessment tool, which includes a nationwide summary and individual state summaries of speed to market compliance; report at each national meeting.
    3. 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.
    4. 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.
    5. 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.
    6. 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.

NAIC Support Staff: Scott Morris/Denise Matthews

## PRINCIPLE-BASED RESERVING IMPLEMENTATION (EX) TASK FORCE

The mission of the Principle-Based Reserving Implementation (EX) Task Force is to 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.

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

1. The **Principle-Based Reserving Implementation (EX) Task Force** will:
  - A. Maintain and oversee the Principle-Based Reserving (PBR) Implementation Plan. Coordinate actions related to the following: enhancing the PBR methodology and updating the *Valuation Manual*; creating and improving reporting and regulatory review processes; creating the company experience reporting framework; evaluating risk-based capital (RBC); preparing accreditation-related recommendations for PBR; and continuing to promote creation of state and company PBR education.
  - B. Coordinate activities to finalize and implement the XXX/AXXX Reinsurance Framework.
2. The **PBR Review (EX) Working Group** will:
  - A. Develop risk-focused examination and risk-focused analysis (analysis/examination/actuarial) procedures for PBR. Considerations include support for reviews, PBR preparedness, communication between domestic states and market states (or non-domestic states where the company has significant market share), safeguards and controls already incorporated in requirements (e.g., documentation requirements, internal controls, linkage to risk management, corporate governance, and audited financials), coordination and consistency of all such activities, and coordination with other groups as appropriate concerning these efforts and procedures.
  - B. Develop review tools and propose means to obtain information to support the review. Test the tools and information for usefulness and accuracy. Considerations include automated tools or identify software that can be used for both financial analysis and actuarial review, housing of automated tools and software, especially to create cost savings for the states, what reporting should be required via electronic data submission (e.g., in the PBR Report) to populate automated tools, tools that might be given to, or purchased by, the NAIC, central repository of information, and consultation with Information Systems (EX1) Task Force regarding tools, databases and storage needs.
  - C. 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.
  - D. 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.
  - E. Inform the Principle-Based Reserving Implementation (EX) Task Force of needs of responsive PBR training to inform and support PBR education for regulators and companies. Specifically, evaluate training and/or resource needs for modeling.
  - F. Respond to requests from the Principle-Based Reserving Implementation (EX) Task Force.
  - G. The **PBR Review Procedures (EX) Subgroup** will:
    1. Provide recommendations to the PBR Review (EX) Working Group regarding Working Group charges A and B, including drafting PBR review procedures and changes to the *Financial Condition Examiners Handbook* and the *Financial Analysis Handbook* and working with NAIC support staff to develop review tools or recommendations for development and testing.
    2. Respond to requests by the PBR Review (EX) Working Group to carry out its charges.

NAIC Support Staff: Kris DeFrain/Dan Daveline

## INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE

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

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

1. The **Internal Administration (EX1) Subcommittee** will:
  - A. Review and approve all expenditures of funds not included in the final 2017 budget by considering any fiscal impact statements of unbudgeted resource requests and reporting its actions to the Executive (EX) Committee.
  - B. Annually work with the CEO, chief operating officer/chief legal officer (COO/CLO) and chief financial officer (CFO) to review the business operations plan, which will incorporate the Executive (EX) Committee's strategic management initiatives, and report its actions to the Executive (EX) Committee.
  - C. Oversee a review of any management areas of the NAIC that should be designated for formal operational reviews by working through the CEO and COO/CLO.
  - D. Oversee the development, revision and delivery of all NAIC education programs, or the addition of new programs, by coordinating with other committees as appropriate and providing direction to the CEO and COO/CLO.
  - E. Receive a report at each national meeting from the NAIC Audit Committee, which will be chaired by the secretary-treasurer. The NAIC Audit Committee will meet with NAIC management at or before each national meeting, or more frequently as necessary, to review the NAIC financial statements and to hear reports from NAIC management on emerging financial issues for the NAIC, and will report such information to the Internal Administration (EX1) Subcommittee. The NAIC Audit Committee shall also carry out the following activities pursuant to its charter:
    1. Engage the NAIC's independent accountants with respect to the annual audit. This will include the appointment of an independent audit firm, a review of the results of the annual audit, and discussions with the independent auditors and NAIC management to ensure that all audit comments or suggestions are addressed in a timely manner. The NAIC Audit Committee is also responsible for selecting a firm to provide Statement on Standards for Attestation Engagements (SSAE) services to the NAIC.
  - F. Serve as the primary liaison between the NAIC membership and the NAIC investment advisor, or appoint a subcommittee to act in that capacity, including the receipt of reports on the performance of the NAIC's investment portfolio and, from time to time, meet directly with investment firm representatives to hear periodic reports and recommendations.
  - G. Review and revise, as necessary and appropriate, the criteria and categories for registrants at NAIC national meetings.
  - H. Appoint the Information Systems (EX1) Task Force to provide regulator-based technology expertise.
  - I. Serve as a "transition committee" to coordinate issues related to the CEO selection and onboarding, including conducting member discussions/outreach to obtain input in developing a proposed job description, and making any other necessary recommendations to the Executive (EX) Committee.

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

## INFORMATION SYSTEMS (EX1) TASK FORCE

The mission of the Information Systems (EX1) Task Force is to: 1) provide regulator-based technology expertise to the Internal Administration (EX1) Subcommittee; and 2) support committee activities and objectives. This includes ensuring that the technology resources of the NAIC are deployed in such a manner to support the core values of service, results, value and communication by:

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

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

#### 1. The **Information Systems (EX1) Task Force** will:

- A. 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 (IT) by and for the NAIC and, based on this effort, providing reports and recommendations to the Subcommittee as appropriate. To achieve this, the Task Force will receive regular portfolio reports from the technology staff of each strategic IT project and provide a structure for the states to collaborate on technology initiatives.
- B. Maintain and monitor the use of the National Technical Architecture standards for state-based insurance regulation.
- C. Provide consultation to the NAIC technology staff, and provide interpretation of intent and specific technology direction where needed. For example, from time to time, the staff may request approval of a specific technology approach, such as a proposal to drop support for a particular version of software. The Task Force will provide direction in such matters, either directly or through a working group.
- D. Provide consultation to the NAIC technology staff, and provide interpretation of intent and specific technology direction where needed. For example, from time to time, the staff may request approval of a specific technology approach, such as a proposal to drop support for a particular version of software. The Task Force will provide direction in such matters, either directly or through a working group.
- E. Serve as a regulator sponsor for projects involving technology only when they support the business areas of more than one other standing committee.
- F. Monitor the organization and utilization of the NAIC Information Technology Group and the other NAIC IT 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.
- G. Provide direction and oversight of the NAIC State Technology Survey.
- H. Provide regulator technology consultation to NAIC committees, task forces and working groups as requested.

#### 2. The **Technical Consulting (EX1) Working Group** will:

- A. Review, with technical recommendations for the Subcommittee, Business and Fiscal Impact Statements (BFIS) and project requests that involve technology being submitted to the 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 BFIS and project request approval processes; and, if approved, thereafter monitoring implementation and ongoing effectiveness.

NAIC Support Staff: Cheryl McGee



## LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

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

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

1. The **Life Insurance and Annuities (A) Committee** will:
  - A. Monitor the activities of the Life Actuarial (A) Task Force.
  - B. Oversee development of the principle-based reserving (PBR) system.
  - C. Oversee outstanding issues related to contingent deferred annuities (CDAs), including considering the development of a CDA buyer's guide.
2. The **Annuity Disclosure (A) Working Group** will:
  - A. Review and revise, as necessary, Section 6—Standards for Annuity Illustrations in the *Annuity Disclosure Model Regulation* (#245) to take into account the disclosures necessary to inform consumers in light of the product innovations currently in the marketplace.
3. The **Life Insurance Buyer's Guide (A) Working Group** will:
  - A. Review and revise, as necessary, the *Life Insurance Buyer's Guide* in conjunction with Appendix A of the *Life Insurance Disclosure Model Regulation* (#580).
4. The **Life Insurance Illustration Issues (A) Working Group** will:
  - A. Explore how the narrative summary required by Section 7B of the *Life Insurance Illustrations Model Regulation* (#582) and the policy summary required by Section 5A(2) of Model #580 can be enhanced to promote consumer readability and understandability of these life insurance policy summaries, including how they are designed, formatted and accessed by consumers.
5. The **Model Law Review (A) Subgroup** will:

Work with the Life Actuarial (A) Task Force to review issues identified during the Subgroup's completion of the Model Law Review Initiative, specifically:

  1. With respect to the *Modified Guaranteed Annuity Model Regulation* (#255):
    - a. Research whether the requirements of Model #255 are contained elsewhere in state law or rules.
    - b. Consider whether there is a need for the development of a similar law for modified guaranteed annuities offered through general accounts products.
  2. With respect to the *Annuity Nonforfeiture Model Regulation* (#806):
    - a. Research whether the requirements of Model #806 are contained elsewhere in state law or rules.
    - b. Consider whether Model #806 may be more appropriate as an actuarial guideline.
6. The **Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group** will:
  - A. Review and revise, as necessary, the *Model Regulation on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities* (#278), as well as the producer and insurer bulletin and the NAIC Consumer Alert, "Preventing Abusive Practices: The Misuse of Senior Designations and 'Free Lunch' Seminars."
7. The **Suitability (A) Working Group** will:
  - A. Review and revise, as necessary, the *Suitability in Annuity Transactions Model Regulation* (#275).
  - B. Consider how to promote greater uniformity across NAIC-member jurisdictions.
8. The **Unclaimed Life Insurance Benefits (A) Working Group** will:
  - A. Develop a new NAIC model law to address the issue of unclaimed death benefits.

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

## LIFE ACTUARIAL (A) TASK FORCE

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

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

1. The **Life Actuarial (A) Task Force** will:
  - A. Address charges to the 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 propose 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.
  - B. Report progress on non-PBR related charges to the Life Insurance and Annuities (A) Committee and provide updates to the Financial Condition (E) Committee on matters related to life insurance company solvency.
  - C. Respond to requests/referrals from the Life Insurance and Annuities (A) Committee regarding reserves or other requirements relating to current or new product lines.
  - D. Monitor international developments regarding life and health insurance reserving, capital and related topics. Compare and benchmark with PBR requirements.
  - E. Work with the American Academy of Actuaries (Academy) and the Society of Actuaries (SOA) to develop new mortality 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
  - F. 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.
  - G. Work with the SOA to continue development of reporting channels of distribution information needed to better establish Generally Recognized Expense Table (GRET) factors.
  - H. Address approvals from the Life Insurance and Annuities (A) Committee regarding its requests to work on model requirements.
  - I. 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.
2. The **C-3 Phase II/AG 43 (E/A) Subgroup**, a joint subgroup of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force, will:
  - A. Develop and recommend changes for 2017 adoption that implement the Variable Annuities Framework for Change.
3. The **Experience Reporting (A) Subgroup** will:
  - A. 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.
4. The **IUL Illustration (A) Subgroup** will:
  - A. Consider enhancements to the *Actuarial Guideline XLIX—The Application of the Life Illustrations Model Regulation to Policies with Indexed-based Interest* (AG 49). Provide recommendations for modifications to AG 49 to the Life Actuarial (A) Task Force.
5. The **Longevity Risk (A/E) Subgroup**, a joint subgroup of the Life Actuarial (A) Task Force and the Life Risk-Based Capital (E) Working Group, will:
  - A. Provide recommendations for recognizing longevity risk in statutory reserves and/or RBC, as appropriate.
6. The **VM-22 (A) Subgroup** will:
  - A. Propose a PBR methodology for non-variable (fixed) annuities for consideration by the Life Actuarial (A) Task Force.

NAIC Support Staff: Reggie Mazyck/Eric King

## HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE

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

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

1. The **Health Insurance and Managed Care (B) Committee** will:
  - A. Respond to inquiries from the U.S. Congress, the White House and federal agencies; analyze policy implications and effect on states of proposed and enacted federal legislation; and communicate the NAIC's position through letters and testimony when requested.
  - B. Monitor the activities of the Health Actuarial (B) Task Force.
  - C. Monitor the activities of the Regulatory Framework (B) Task Force.
  - D. Monitor the activities of the Senior Issues (B) Task Force.
  - E. Serve as the official liaison between the NAIC and the Joint Commission on Accreditation of Healthcare Organizations, the National Committee on Quality Assurance (NCQA) and URAC.
  - F. Examine factors that contribute to rising health care costs and insurance premiums; review state initiatives to address cost drivers.
  - G. Utilize the Regulatory Framework (B) Task Force to review and, if necessary, consider revisions to the *Health Carrier Prescription Drug Benefit Management Model Act* (#22) to address issues related to: 1) transparency, accuracy and disclosure regarding prescription drug formularies and formulary changes during a policy year; 2) accessibility of prescription drug benefits using a variety of pharmacy options; and 3) tiered prescription drug formularies and discriminatory benefit design.
  - H. 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).
  - I. 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.
  - J. Coordinate with the Antifraud (D) Task Force, as necessary, regarding state and federal antifraud activities related to the implementation of the ACA.
2. The **Consumer Information (B) Subgroup** will:
  - A. Develop information, as needed, which would be helpful to state insurance regulators and others in assisting consumers with respect to implementation of the ACA.
  - B. Review NAIC publications that touch on health insurance to determine if they need updating based on the ACA. If updates are needed, suggest specific revisions to the appropriate NAIC group or NAIC division to make the changes.
3. The **CO-OP Solvency and Receivership (B) Subgroup** will:
  - A. Provide a forum for state insurance regulators to discuss and share information through conference calls and meetings on the status of the Consumer Operated and Oriented Plans (CO-OPs) created under the ACA.
4. The **Health Care Reform Regulatory Alternatives (B) Working Group** will:
  - A. Provide a forum for 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.
  - B. Identify and assist NAIC members in resolving open issues that need to be addressed with regard to non-state exchange ACA alternatives.
  - C. Analyze the impact of the ACA on existing NAIC-member regulatory authority, both inside and outside of a federal exchange.
  - D. Identify opportunities for NAIC members to continue to innovate and regulate outside of a federal exchange.

**HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE** *(continued)*

5. The **Medical Loss Ratio Quality Improvement Activities (B) Subgroup** will:
  - A. Review new quality improvement (QI) initiatives, as reported annually on the Supplemental Health Care Exhibit (SHCE) 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 SHCE.

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

## HEALTH ACTUARIAL (B) TASK FORCE

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

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

1. The **Health Actuarial (B) Task Force** will:
  - A. Work with the American Academy of Actuaries (Academy) and the Society of Actuaries (SOA) to develop a replacement for the 1985 NAIC Cancer Claim Cost Tables as the basis for the valuation of individual cancer policies. Request the *Health Insurance Reserves Model Regulation* (#10) be opened to accommodate the new table.
  - B. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary with respect to model rules for appropriate long-term care insurance (LTCI) rates, rating practices and rate changes.
  - C. Study the minimum standards applicable to statutory reserves for LTCI. 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.
  - D. Provide support for issues related to implementation of the federal Affordable Care Act (ACA).
  - E. Begin to develop health insurance reserving requirements (VM-25, Health Insurance Reserves Minimum Reserve Requirements) using a principle-based reserving (PBR) methodology. LTCI should be a priority. Request Model #10 be opened to accommodate the new requirements.
  - F. Develop LTCI experience reporting requirements in VM-50, Experience Reporting Requirements, and VM-51, Experience Reporting Formats, of the *Valuation Manual*.
  - G. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary to other NAIC groups relative to their work on health actuarial matters.

NAIC Support Staff: Eric King

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

1. Coordinate all aspects of the NAIC's work regarding the long term care insurance (LTCI) market. In addition to coordinating all current B and E Committee projects, The task force should pursue the following general objectives:
  - A. To more rigorously assess the financial solvency of LTCI writers;
  - B. To evaluate the sufficiency of current financial reporting and actuarial valuation standards;
  - C. To assess state activities regarding the regulatory considerations on rate increase requests on blocks and to identify common elements for achieving greater transparency and predictability;
  - D. To coordinate state actions aimed at revising state guaranty fund laws;
  - E. To monitor the development of regulatory policy regarding short duration LTCI policies; and
  - F. To consider product innovations and the development of potential state and federal solutions for stabilizing the LTCI market.
  - G. Provide periodic reports to the B and E Committees, and the Executive Committee, regarding key issues and progress toward the general objectives set forth above. Conduct meetings in regulator-only session, as appropriate.

NAIC Support Staff: Dan Daveline/Jolie Matthews

## REGULATORY FRAMEWORK (B) TASK FORCE

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

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

1. The **Regulatory Framework (B) Task Force** will:
  - A. Coordinate and develop the provision of technical assistance to the states regarding state-level implementation issues raised by federal health legislation and regulations.
  - B. Review managed health care reforms, their delivery systems occurring in the marketplace and other forms of health care delivery; recommend appropriate revisions to regulatory jurisdiction, authority and structures.
  - C. Consider the development of new NAIC model laws and regulations and the revision of existing NAIC model laws and regulations, including those affected by federal legislation and final federal regulations promulgated pursuant to such legislation.
  - D. Continue to review NAIC models recommended for revision by the former Affordable Care Act (ACA) Model Review (B) Working Group and, as appropriate, appoint a working group or subgroup to revise the NAIC model(s) prioritized for revision in 2017.
  
2. The **ERISA (B) Working Group** will:
  - A. Monitor, report and analyze developments related to ERISA, and make recommendations regarding NAIC strategy and policy with respect to those developments.
  - B. Monitor, facilitate and coordinate with the states and the U.S. Department of Labor (DOL) related to sham health plans.
  - C. Monitor, facilitate and coordinate with the states and the DOL regarding compliance and enforcement efforts regarding the ACA that relate to ERISA.
  - D. Review the *Health and Welfare Plans Under the Employee Retirement Income Security Act: Guidelines for State and Federal Regulation* (ERISA Handbook) and modify it, as necessary, to reflect developments related to ERISA. Report annually.

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 that affect older Americans.

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

1. The **Senior Issues (B) Task Force** will:
  - A. Develop appropriate regulatory standards and revisions, as necessary, to the NAIC models, consumer guides and training material on Medicare supplement insurance, senior counseling programs and other insurance issues that affect older Americans.
  - B. 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.
  - C. 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.
  - D. 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.
  - E. 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.
  - F. Continue to monitor the changes in the Medicare supplement insurance market and assist the states with implementation of Medicare supplement model amendments due to federal statutory changes.
  - G. Provide the perspective of state insurance regulators to the U.S. Congress, as appropriate, and CMS on insurance issues, including those concerning the effect and result of federal activity on the senior citizen health insurance marketplace and regulatory scheme.
  - H. 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.
  - I. Work with CMS to revise the annual joint publication, *Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare*.
  - J. 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.
  - K. Assist the states and serve as a clearinghouse for information on Medicare Advantage plan activity.
  - L. 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.
  - M. 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.
  - N. 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.
  - O. 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 the *Long-Term Care Insurance Model Regulation* (#641) to determine their flexibility to remain compatible with the evolving delivery of long-term care services and remain compatible with the evolving long-term care insurance marketplace.
  - P. 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.
  - Q. 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.
  - R. Explore options, in line with the current Model #640 and Model #641, where appropriate, and monitor efforts to ensure the fair or equal treatment of policyholders, including those in situations where policyholders live in multiple states.



## SENIOR ISSUES (B) TASK FORCE *(continued)*

- S. 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.
  - T. Examine examples of health-related financial exploitation of seniors and work with other NAIC committees, task forces and working groups on possible solutions.
2. The **Long-Term Care Consumer Disclosure (B) Subgroup** will:
- A. Review the existing requirements for consumer disclosures contained in Model #640, Model #641 and the *Guidance Manual for Rating Aspects of the Long-Term Care Insurance Model Regulation* (Guidance Manual) and make recommendations for needed improvements to the Task Force.
  - B. Continue to consider all consumer disclosure requirements for long-term care insurance, including those provided at the time of issue, as well as those provided at the time of rate increase.
3. The **Medigap (B) Subgroup** will:
- A. Review the specific changes made to Medicare supplement insurance (Medigap), under the federal Medicare Access and CHIP Reauthorization Act of 2015, which was signed into law April 16, 2015 (Public Law No. 114-10).
  - B. Revise and conform Model #650, Model #651 and consumer guides and training material on Medigap to the specific enacted changes prohibiting coverage of the Medicare Part B deductible for beneficiaries that become eligible for Medicare beginning on or after Jan. 1, 2020.
4. The **Long-Term Care Innovation (B) Subgroup** will:
- A. Examine the future of financing long-term care given the significant impact of long-term care costs on state budgets through state Medicaid programs, including an assessment of the role the private market should play.
  - B. Review the number of alternative products structures being developed and, in some cases, sold by companies (i.e., long-term care/life combination products, term products and universal long-term care policies). Consider whether these are viable alternative products and what other types of products may assist in financing long-term care costs. This does not include examination of rating issues facing the legacy long-term care insurance products.
  - C. Examine whether amendments are needed to current NAIC models or regulations, whether there is a need for new models or regulations to accommodate a changing market, or whether federal action may be necessary and should be encouraged.
  - D. Discuss the legal and regulatory barriers that may need to be overcome to improve the functioning of the private long-term care insurance market to assist in financing long-term care needs.
  - E. Consider the pricing issues with any potential new long-term care financing products and whether the pricing of these products creates a stable market.
  - F. Work with private insurance companies, consumers and consumer advocates about the future role of insurance in financing long-term care given the history of long-term care insurance over the past few decades, including the role they see for the private market and the types of products that are most appealing to them.
5. The **Long-Term Care Benefit Adjustment (B) Subgroup** will:
- A. Determine what contractual authority is required to make a benefit change to a long-term care insurance policy, including as an alternative to a rate revision.
  - B. Evaluate whether reduction of daily benefits upon the elimination of inflation protection pursuant to a contractual provision is reasonable.
  - C. Evaluate the sufficiency of disclosure requirements associated with policy provisions to reduce benefit amounts.
  - D. Determine what actuarial equivalence is appropriate for benefit change proposals and recommend related disclosure improvements.
6. The **Short Duration Long-Term Care Policies (B) Subgroup** will:
- A. Create a model to address long-term care (LTC) products of short duration that are excluded from Model #640 and Model #641, but do not quite fit under the *Accident and Sickness Insurance Minimum Standards Model Act* (#170) and the *Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act* (#171).

NAIC Support Staff: David Torian

## PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE

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

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

1. The **Property and Casualty Insurance (C) Committee** will:
  - A. Discuss issues arising and make recommendations with respect to advisory organization and insurer filings for personal and commercial lines, as needed. Report yearly.
  - B. Monitor the activities of the Workers' Compensation (C) Task Force.
  - C. Monitor the activities of the Casualty Actuarial and Statistical (C) Task Force.
  - D. Monitor the activities of the Surplus Lines (C) Task Force.
  - E. Monitor the activities of the Title Insurance (C) Task Force.
  - F. Provide an impartial forum for considering appeals of adverse decisions involving alien insurers delisted or rejected for listing to the *Quarterly Listing of Alien Insurers*. Appeal procedures are described in the International Insurers Department (IID) Plan of Operation.
  - G. Monitor and review developments in case law and rehabilitation proceedings related to risk retention groups (RRGs); if warranted, make appropriate changes to the *Risk Retention and Purchasing Group Handbook*.
  - H. Monitor the activities of the Federal Crop Insurance Corporation (FCIC) that affect state insurance regulators. Serve as a forum for discussing issues related to the interaction of federal crop insurance programs with state insurance regulation. Review law changes and court decisions and, if warranted, make appropriate changes to the Federal Crop Insurance Program Handbook: A Guide for Insurance Regulators. 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.
2. The **Advisory Organization Examination Oversight (C) Working Group** will:
  - A. 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.
  - B. Monitor the data reporting and data-collection processes of advisory organizations (including rating organizations and statistical agents) to determine if they are implementing appropriate measures to ensure data quality. Report the results of this ongoing charge as needed.
  - C. Actively assist with and coordinate multi-state examinations of advisory organizations (including rating organizations and statistical agents).
3. The **Affordable Care Act Medical Professional Liability (C) Working Group** will:
  - A. Study the potential impact of the federal Affordable Care Act (ACA) on the professional liability exposures of medical providers by continuing to gather data and information on medical malpractice claims. Explore the possibility of data-sharing in regard to medical malpractice claims in general to better inform state insurance regulators on trends and activities. Where gaps in the data exist, propose solutions for resolving those issues. Report on progress at each national meeting.
4. 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:
  - A. Review issues relating to low-income households and the auto insurance marketplace; make recommendations, as appropriate
  - B. Consider collection of data to evaluate the availability and affordability of auto insurance.

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

5. The **Catastrophe Insurance (C) Working Group** will:
  - A. Report progress at each national meeting on the following catastrophe insurance issues:
    1. Monitor and recommend measures to improve the availability and affordability of insurance and reinsurance related to catastrophe perils for personal and commercial lines.
    2. Evaluate potential state, regional and national programs to increase capacity for insurance and reinsurance related to catastrophe perils.
    3. 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.
    4. Provide a forum for discussing issues and recommending solutions related to insuring for catastrophe risk, including terrorism, war and natural disasters.
    5. 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*.
    6. 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.
    7. 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.
    8. 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 2017 Fall National Meeting. Report progress on the handbook or white paper and any other activities; report at each national meeting.
    9. Collect and analyze NFIP data to facilitate the private market writing flood insurance.
    10. Investigate and recommend ways the NAIC can assist the states in responding to disasters, and discuss issues surrounding loss mitigation.
    11. Update the *State Disaster Response Plan*, as needed, so that it provides a blueprint for action by the states to respond to catastrophic events.
    12. Study, in coordination with other NAIC task forces and working groups, earthquake matters of concern to state insurance regulators; consider various innovative earthquake insurance coverage options aimed at improving take-up rates.
6. The **Climate Change and Global Warming (C) Working Group** will:
  - A. Review the enterprise risk management efforts by carriers and how they may be affected by climate change and global warming.
  - B. Investigate and receive information regarding the use of modeling by carriers and their reinsurers concerning climate change and global warming.
  - C. Review the impact of climate change and global warming on insurers through presentations by interested parties.
  - D. Investigate sustainability issues and solutions related to the insurance industry.
  - E. Review innovative insurer solutions to climate change, including new insurance products through presentations by interested parties.
7. The **Creditor-Placed Insurance Model Act Review (C) Working Group** will:
  - A. 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 2017 Summer National Meeting.

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

8. The **Public Adjuster (C/D) Working Group** of the Property and Casualty Insurance (C) Committee and the Market Regulation and Consumer Affairs (D) Committee will:
  - A. Review issues related to the unauthorized practice of public adjusting and make recommendations as may be appropriate.
  
9. The **Sharing Economy (C) Working Group** will:
  - A. Study and make recommendations about regulatory issues related to the sharing economy, such as transportation sharing, house-sharing and any emerging sharing products marketed to consumers.
  - B. Track consumer reports and bulletins published by the states and develop documentation on best practices for the states to address insurance coverage issues related to the sharing economy.
  
10. The **Terrorism Insurance Implementation (C) Working Group** will:
  - A. Coordinate the NAIC's efforts to address insurance coverage for acts of terrorism. Work with the U.S. Department of the Treasury's Terrorism Risk Insurance Program Office on matters of mutual concern. Discuss long-term solutions to address the risk of loss from acts of terrorism.
  - B. Consider additional data collection related to insurance coverage for acts of terrorism.
  
11. The **Transparency and Readability of Consumer Information (C) Working Group** will:
  - A. Study and evaluate actions that will improve the capacity of consumers to comparison shop on the basis of differences in coverage provided by different insurance carriers offering personal lines products.
  - B. Systematize and improve presale disclosures of coverage.
  - C. Increase consumer accessibility to different carriers' policy forms on a presale basis. The Working Group should consider all possible avenues of accessibility, including state insurance department websites, the NAIC, insurance companies and the possibility of pre-sale provision of complete policy language.
  - D. Facilitate consumers' capacity to understand the content of insurance policies and assess differences in insurers' policy forms. The Working Group should consider: 1) implementing new readability rules as suggested by the Market Regulation and Consumer Affairs (D) Committee; 2) promoting consistent, clear and logical formatting and organization of all policies; and 3) any other measures that would improve the intellectual accessibility of policy forms.
  - E. Develop a shopping tool for homeowners, renters and business owners on flood insurance coverage; work with state insurance regulators to develop a standardized website and flood bulletin to assist consumers who have questions about flood insurance.
  
12. The **Travel Insurance (C) Working Group** will:
  - A. Consider development of a model law or guideline to establish appropriate regulatory standards for the travel and tourism insurance industry.

NAIC Support Staff: Aaron Brandenburg/Kris DeFrain/Eric Nordman

## CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE

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

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

1. The **Casualty Actuarial and Statistical (C) Task Force** will:
  - A. Provide reserving, pricing, ratemaking, statistical and other actuarial support to NAIC committees, task forces and/or working groups. Propose changes to the appropriate work products (with the most common work products noted below) and present comments on proposals submitted by others relating to casualty actuarial and statistical matters. Monitor the activities, including the development of financial services regulations and statistical (including disaster) reporting, relating to casualty actuarial issues.
    1. Blanks (E) Working Group (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).
    2. Statutory Accounting Principles (E) Working Group (*Accounting Practices and Procedures Manual*). Review and provide comments on statutory accounting issues being considered under *SSAP No. 65—Property and Casualty Contracts*.
    3. Capital Adequacy (E) Task Force (P/C RBC report).
    4. Financial Analysis Handbook (E) Working Group (P/C actuarial sections and other sections regarding the use of P/C actuaries in the risk-focused examination process of the *Financial Analysis Handbook*).
    5. Financial Examiners Handbook (E) Technical Group (P/C actuarial sections and other sections regarding the use of P/C actuaries in the risk-focused examination process of the *Financial Condition Examiners Handbook*).
    6. Operational Efficiencies (EX) Working Group (P/C actuarial sections of the *Product Filing Review Handbook*).
    7. Auto Insurance (C/D) Working Group (affordability, data call, any remaining issues related to price optimization).
  - B. Monitor national casualty actuarial developments and consider regulatory implications.
    1. Casualty Actuarial Society (CAS) (Statements of Principles and *Syllabus of Basic Education*).
    2. American Academy of Actuaries (Academy) (Standards of Practices, Council on Professionalism and Casualty Practice Council).
    3. Society of Actuaries (SOA) (general insurance track).
    4. Federal legislation.
  - C. Monitor activities related to the Own Risk and Solvency Assessment (ORSA), including the activities of the Group Solvency Issues (E) Working Group, the Academy, the International Actuarial Association (IAA) and other relevant organizations.
  - D. Facilitate discussion among regulators regarding rate filing issues of common interest across states through the scheduling of regulator-to-regulator conference calls.
  - E. Develop an attestation an actuary must complete and sign annually to verify the actuary is qualified to sign a statutory P/C Statement of Actuarial Opinion.
  - F. Work with actuarial organizations to require P/C Appointed Actuaries participate in a continued competence process every one to three years.
  - G. Work with the American Academy of Actuaries to add clarity to the required three-year experience period in the *U.S. Qualification Standards* regarding the mentor's responsibilities and the learning expectations for the actuary.
2. The **Actuarial Opinion (C) Working Group** will:
  - A. Propose revisions to the following, as needed, especially to improve actuarial opinions, actuarial opinion summaries and actuarial reports, as well as the regulatory analysis of these actuarial documents and loss and premium reserves.
    1. *Financial Analysis Handbook*.
    2. Financial statement instructions.
    3. Regulatory guidance to appointed actuaries.

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

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

NAIC Support Staff: Kris DeFrain/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:
  - A. Perform financial analysis of the surplus lines market utilizing the NAIC Financial Data Repository and other sources in order to prepare a regulator report.
  - B. Develop and oversee implementation of state-based solutions addressing the surplus lines subtitle of the federal Nonadmitted and Reinsurance Reform Act.
  
2. The **Surplus Lines (C) Working Group** will:
  - A. 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*.
  - B. Provide analytical expertise and support to the states and the IID with respect to admission to the *Quarterly Listing of Alien Insurers*.
  - C. Maintain the IID Plan of Operation and its requirements relating to standards for inclusion on the *Quarterly Listing of Alien Insurers* concerning capital and/or surplus funds, U.S. trust accounts and fitness of management among other criteria.
  - D. Provide a forum for discussion among NAIC jurisdictions of excess market issues related to specific companies, entities or individuals.

NAIC Support Staff: Bob Schump/Andy Daleo

## TITLE INSURANCE (C) TASK FORCE

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

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

1. The **Title Insurance (C) Task Force** will:
  - A. Monitor issues and developments occurring in the title insurance industry, and provide support and expertise to other NAIC committees, task forces and/or working groups, or outside entities, as appropriate.
  - B. Review and assist various regulatory bodies in combating fraudulent or unfair real estate settlement activities. Such efforts could include working with the Antifraud (D) Task Force and other NAIC committees, task forces and/or working groups to combat mortgage fraud and mitigating title agent defalcations through the promotion of closing protection letters and other remedies. Report results at each national meeting.
  - C. Consult with the Consumer Financial Protection Bureau (CFPB) and other agencies responsible for information, education and disclosure for mortgage lending, closing and settlement services, as appropriate.
2. The **Title Affiliated Business Process Review (C) Working Group** will:
  - A. Review the *Market Regulation Handbook* chapter on examination of title insurers and agents and, if necessary, send a memorandum to the Market Conduct Examination Standards (D) Working Group with recommended revisions.
  - B. 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 short and concise consumer disclosure at the beginning of the title ordering process to alert the consumer to key issues and opportunities.
3. The **Title Insurance Consumer Shopping Tools (C) Working Group** will:
  - A. Develop a title insurance tool for consumers based on the information contained in the Title Insurance Consumer Shopping Tool template adopted by the Property and Casualty Insurance (C) Committee at the 2015 Summer National Meeting. Report the results by the 2017 Spring National Meeting.
4. The **Title Insurance Financial Reporting (C) Working Group** will:
  - A. 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 2017 Spring National Meeting.

NAIC Support Staff: Aaron Brandenburg/David Keleher



## **WORKERS' COMPENSATION (C) TASK FORCE**

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

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

1. The **Workers' Compensation (C) Task Force** will:
  - A. Discuss issues arising with respect to advisory organizations and insurance companies in the workers' compensation arena.
  - B. 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.
  - C. Assist in the implementation of terrorism insurance monitoring for the workers' compensation line of business as required by the federal Terrorism Risk Insurance Program Reauthorization Act of 2015, in coordination with the Federal Insurance Office (FIO) where appropriate.
  - D. Assist the Financial Condition (E) Committee with the implementation of recommendations contained in the NAIC/IAIABC Joint (C) Working Group study dealing with the use of large deductibles in workers' compensation.
2. The **NAIC/IAIABC Joint (C) Working Group** will:
  - A. Study issues of mutual concern to insurance regulators and the International Association of Industrial Accident Boards and Commissions (IAIABC). Review relevant IAIABC model laws and white papers and consider possible changes in light of the Working Group's recommendations. The Working Group is to report the results of its ongoing charge at each national meeting.

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:
  - A. Monitor the centralized collection and storage of market conduct data, national analysis and reporting at the NAIC, including issues regarding the public availability of data.
  - B. Monitor and assess the current process for multi-jurisdictional market conduct activities and provide appropriate recommendations for enhancement, as necessary.
  - C. Evaluate all data currently collected in the NAIC Market Information Systems (MIS) and considered confidential to determine what, if any, can be made more widely available.
  - D. Oversee the activities of the Market Information Systems (D) Task Force.
  - E. Oversee the activities of the Antifraud (D) Task Force.
  - F. 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.
  - G. In collaboration with other technical working groups, discuss and share best practices through public forums to address broad consumer concerns regarding personal insurance products.
  - H. 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.
  - I. Coordinate with the Health Insurance and Managed Care (B) Committee to provide policy recommendations regarding uniform state enforcement of the federal Affordable Care Act (ACA).
2. The **Auto Insurance (C/D) Working Group** of the Property and Casualty Insurance (C) Committee and the Market Regulation and Consumer Affairs (D) Committee will:
  - A. Review issues relating to low-income households and the auto insurance marketplace and make recommendations, as appropriate.
  - B. Consider collection of data to evaluate the availability and affordability of auto insurance.
3. The **Market Actions (D) Working Group** will:
  - A. Facilitate interstate communication and coordinate collaborative state regulatory actions.
4. The **Market Analysis Procedures (D) Working Group** will:
  - A. Recommend changes to the market analysis framework based on results over the past five years, including the current set of Level 1 and Level 2 questions.
  - B. Discuss other market data-collection issues and make recommendations, as necessary.
  - C. Consider recommendations for new lines of business for the Market Conduct Annual Statement.
5. The **Market Conduct Annual Statement Blanks (D) Working Group** will:
  - A. Review the Market Conduct Annual Statement (MCAS) data elements and the “Data Call and Definitions” for all lines of business collected in the MCAS and update them, as necessary.
  - B. Develop an MCAS blank to be used for the collection of data for additional lines of business, where appropriate.
6. The **Market Conduct Examination Standards (D) Working Group** will:
  - A. Develop market conduct examination standards.

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

7. The **Market Regulation Certification (D) Working Group** will:
  - A. Develop a formal market regulation certification proposal for consideration by the NAIC membership that provides recommendations for the following: 1) certification standards; 2) a process for the state implementation of the standards; 3) a process to measure the states' compliance with the standards; 4) a process for future revisions to the standards; and 5) assistance for jurisdictions to achieve certification.
  
8. The **Privacy Disclosures (D) Working Group** will:
  - A. 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.
  - B. Review the sample privacy notices of the *Privacy of Consumer Financial and Health Information Regulation* (#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.
  
9. The **Public Adjuster (C/D) Working Group** of the Property and Casualty Insurance (C) Committee and the Market Regulation and Consumer Affairs (D) Committee will:
  - A. Review issues related to the unauthorized practice of public adjusting and make recommendations as may be appropriate.
  
10. The **Pre-Dispute Mandatory Arbitration Clauses (D) Working Group** will:
  - A. Consider the use of: 1) pre-dispute mandatory arbitration clauses and 2) choice-of-law and choice-of-venue clauses and, if appropriate, prohibit their use in any individual or commercial insurance policies by amending the Unfair Trade Practices Model Act (#880), developing a new model act, or developing other guidance regarding their usage.

NAIC Support Staff: Tim Mullen/Randy Helder

## ANTIFRAUD (D) TASK FORCE

The mission of the Antifraud (D) Task Force is to serve the public interest by assisting the state insurance supervisory officials, individually and collectively, 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:
  - A. Work with NAIC committees, task forces and working groups (e.g., Title Insurance (C) Task Force, Public Adjuster (C/D) Working Group, etc.) to review issues and concerns related to fraud activities and schemes related to insurance fraud.
  - B. Coordinate efforts to address national concerns related to agent fraud and activities of unauthorized agents related to insurance sales.
  - C. Coordinate the enforcement and investigation efforts of state and federal securities regulators with state insurance fraud bureaus.
  - D. Coordinate with state, federal and international law enforcement agencies in addressing antifraud issues relating to the insurance industry. The Task Force will review and provide comments to the International Association of Insurance Supervisors (IAIS) on its Insurance Core Principles (ICPs) related to insurance fraud.
  - E. Coordinate activities and information from national antifraud organizations and provide information to state insurance fraud bureaus.
  - F. Coordinate efforts with the insurance industry to address antifraud issues and concerns.
  - G. Evaluate and recommend methods to track national fraud trends.
2. The **Antifraud Education Enhancement (D) Working Group** will:
  - A. Develop and present seminars, trainings and webinars regarding insurance fraud.
3. The **Antifraud Technology (D) Working Group** will:
  - A. Evaluate sources of antifraud data and propose methods for enhancing the utilization and exchange of information among insurance regulators, fraud investigative divisions, law enforcement officials, insurers and antifraud organizations.

NAIC Support Staff: Greg Welker/Lois E. Alexander

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

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

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

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

NAIC Support Staff: Ginny Ewing

## PRODUCER LICENSING (D) TASK FORCE

The mission of the Producer Licensing (D) 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 (D) Task Force** will:
  - A. 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).
  - B. Facilitate roundtable discussions, as needed, with the state producer licensing directors for the exchange of views, opinions and ideas on producer-licensing activities in the states and at the NAIC.
  - C. Discuss state perspectives regarding the regulation and benefit of the activities of the federal Affordable Care Act (ACA)-established enrollment assisters (including navigators and non-navigator assisters and certified application counselors) and the activities of producers in assisting individuals and businesses purchasing in the health insurance marketplaces. Coordinate with the Health Insurance and Managed Care (B) Committee and the Antifraud (D) Task Force, as necessary.
  - D. Monitor the activities of the National Association of Registered Agents and Brokers (NARAB) in the development and enforcement of the NARAB membership rules, including the criteria for successfully passing a background check.
  - E. Monitor the implementation of the Uniform Licensing Standards for best practices in examination development and the delivery of education materials for prelicensing education. Work closely with state producer licensing directors and exam vendors to ensure: 1) the states achieve full compliance with the standards in order to achieve greater uniformity; and 2) the exams test the qualifications for an entry-level position as a producer.
  - F. Continue to provide oversight and ongoing updates, as needed, to the *State Licensing Handbook*.
  - G. 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.
  - H. Coordinate through NAIC staff and provide guidance to NIPR on producer licensing-related electronic initiatives.
  - I. 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.
  - J. 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."
  - K. Monitor and assess the state implementation of the Uniform Licensing Standards and update the standards, as needed.
  - L. Review and update, as needed, the NAIC's uniform producer and adjuster licensing applications and uniform appointment form.
  - M. Coordinate with the Market Information Systems (D) Task Force and the Antifraud (D) Task Force to evaluate and make recommendations regarding the entry, retention and use of data in the NAIC's Market Information Systems.

NAIC Support Staff: Timothy B. Mullen/Greg Welker

## FINANCIAL CONDITION (E) COMMITTEE

The mission of the Financial Condition (E) Committee is to be the central forum and coordinator of solvency-related considerations of the NAIC relating to accounting practices and procedures; blanks; valuation of securities; 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:
  - A. Monitor all of the changes to the annual/quarterly financial statement blanks and instructions, RBC formulas, *Financial Condition Examiners Handbook*, *Accounting Practices and Procedures Manual*, *Financial Analysis Handbook*, *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, NAIC model laws, NAIC accreditation standards and other NAIC publications.
  - B. 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.
  - C. 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.
  - D. 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.
  - E. Review and determine whether revisions to the *Synthetic Guaranteed Investment Contracts Model Regulation* (#695) are needed to clarify its relationship with CDAs.
  - F. Recommend salary rate adjustments for examiners.
  - G. 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.
  - H. Oversee a process to address financial issues that may compromise the consistency and uniformity of the U.S. solvency framework, referring valuation and other issues to the appropriate committees as needed.
  - I. Consider and develop contingency regulatory plans to continue to protect U.S. insurance consumers and U.S. ceding insurance companies from potential adverse impact resulting from covered agreement negotiations.
2. The **Financial Analysis (E) Working Group** will:
  - A. Analyze nationally significant insurers and groups that exhibit characteristics of trending toward or being financially troubled; determine if appropriate action is being taken.
  - B. Interact with domiciliary regulators and lead states to assist and advise as to what might be the most appropriate regulatory strategies, methods and action(s).
  - C. Support, encourage, promote and coordinate multi-state efforts in addressing solvency problems, including identifying adverse industry trends.
  - D. Increase information-sharing and coordination between state regulators and federal authorities, including through representation of state regulators in national bodies with responsibilities for system-wide oversight.
3. The **Group Capital Calculation (E) Working Group** will:
  - A. Construct a U.S. group capital calculation using an RBC aggregation methodology; liaise as necessary with the ComFrame Development and Analysis (G) Working Group on international capital developments and consider group capital developments by the Federal Reserve Board, both of which may help inform the construction of a U.S. group capital calculation.

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

4. The **Group Solvency Issues (E) Working Group** will:
  - A. Continue to develop potential enhancements to the current regulatory solvency system as it relates to group-solvency-related issues.
  - B. Critically review and provide input and drafting to the International Association of Insurance Supervisors (IAIS), Insurance Groups Working Group or on other IAIS papers dealing with group supervision issues.
  - C. Continually review and monitor the effectiveness of the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450) and consider revisions as necessary to maintain effective oversight of insurance groups.
  - D. 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.
5. The **ORSA Implementation (E) Subgroup** of the Group Solvency Issues (E) Working Group will:
  - A. Continue to provide and enhance an enterprise risk management (ERM) education program for regulators in support of the Own Risk and Solvency Assessment (ORSA) implementation.
  - B. Continually review and monitor the effectiveness of the *Risk Management and Own Risk and Solvency Assessment Model Act* (#505) and its corresponding *NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual*; consider revisions as necessary.
6. The **Health Reform Solvency Impact (E) Subgroup** will:
  - A. Monitor and assess the solvency impacts/concerns for health insurers as a result of the federal Affordable Care Act (ACA) and recommend changes for the appropriate Financial Condition (E) Committee groups to address these impacts/concerns.
7. The **Mortgage Guaranty Insurance (E) Working Group** will:
  - A. Develop changes to the *Mortgage Guaranty Insurance Model Act* (#630) and other areas of solvency regulation of mortgage guaranty insurers.
8. The **NAIC/AICPA (E) Working Group** will:
  - A. Continually review the *Annual Financial Reporting Model Regulation* (#205) and its corresponding implementation guide; revise as appropriate.
  - B. Address financial solvency issues by working with the American Institute of Certified Public Accountants (AICPA) and responding to AICPA exposure drafts.
  - C. Monitor the federal Sarbanes-Oxley Act, as well as rules and regulations promulgated by the U.S. Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB) and other financial services regulatory entities.
  - D. Review annually the premium threshold amount included in Section 16 of Model #205, with the general intent that those insurers subject to the Section 16 requirements would capture at least approximately 90% of industry premium and/or in response to any future regulatory or market developments.
9. The **National Treatment and Coordination (E) Working Group** will:
  - A. Increase utilization and implementation of the *Company Licensing Best Practices Handbook*.
  - B. Encourage synergies between corporate changes/amendments and rate and form filing review and approval to improve efficiency.
  - C. Analyze federal law development and the NAIC Solvency Modernization Initiative (SMI) for any needed modifications or revisions to the work of the Working Group.
  - D. 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.
  - E. Develop and maintain educational courses in the existing NAIC Insurance Regulator Professional Designation Program for company licensing regulators.



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

10. The **Biographical Third-Party Review (E) Subgroup** of the National Treatment and Coordination (E) Working Group will:
  - A. Increase the uniformity of the third-party vendors that prepare background investigative reports to those state insurance departments that require them. Reduce the inefficiency of applications by developing procedures and approval processes.
  - B. Monitor the ongoing adherence of background investigation reports and third-party vendors.
  - C. Encourage uniformity of requirements in relation to individuals' fitness and propriety and the company's responsibility in notifying state insurance departments of concerns or changes to key individuals.
11. The **Company Licensing Transactions (E) Subgroup** of the National Treatment and Coordination (E) Working Group will:
  - A. Continue to reduce state-specific requirements and streamline the Uniform Certificate of Authority Application (UCAA) process.
  - B. Continue to enhance all electronic tools relating to UCAA to increase its usage by the industry and state insurance regulators.
12. The **Risk-Focused Surveillance (E) Working Group** will:
  - A. Continually review the effectiveness of risk-focused surveillance and develop enhancements to processes as necessary.
  - B. Consider specific regulatory redundancy issues provided by interested parties and provide recommendations to other NAIC committee groups as needed.
  - C. Oversee and monitor the Peer Review Program to encourage consistent and effective risk-focused surveillance processes.
  - D. Oversee and monitor the development of enhancements to the financial analysis process that further incorporate risk-focused concepts and a review of prospective solvency risks.
  - E. 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.
  - F. Continually maintain and update standardized job descriptions/requirements for common solvency monitoring positions to assist insurance departments in attracting and maintaining suitable staff.
  - G. Review the *Financial Condition Examiners Handbook* salary and per diem guidelines to determine the applicability, value and use to the states; consider alternative approaches based on current financial solvency responsibilities.
13. The **Risk-Limiting Contracts (E) Working Group** will:
  - A. Develop regulatory guidance on how to evaluate risk transfer as it pertains to reinsurance contracts with risk-limiting features and evaluate how to enhance current actuarial/accounting practices used to monitor a company's financial strength
14. The **Valuation Analysis (E) Working Group** will:
  - A. Respond to states in a confidential forum regarding questions and issues arising during the course of annual PBR reviews or PBR examination and which also may include consideration of asset adequacy analysis questions and issues.
  - B. Work with NAIC resources to assist in prioritizing and responding to issues and questions regarding PBR and asset adequacy analysis including actuarial guidelines or other requirements making use of or relating to PBR such as AG38, AG48, and the Term and Universal Life Insurance Reserve Financing Model Regulation (Model #787).
  - C. Respond to questions from states regarding how to properly reserve under PBR for new product types or unique product designs.
  - D. Develop and implement a plan with the NAIC Resources to identify outliers/concerns regarding PBR/asset adequacy analysis.
  - E. Refer questions/issues as appropriate to the Life Actuarial (A) Task Force which may require consideration of changes/interpretations to be provided in the *Valuation Manual*.
  - F. Make referrals as appropriate to the Financial Analysis (E) Working Group (FAWG).
  - G. Perform other work to carry out the VAWG procedures.

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

15. The **Variable Annuities Issues (E) Working Group** will:

- A. Oversee the NAIC's efforts to study and address, as appropriate, regulatory issues resulting in variable annuity captive reinsurance transactions.
- B. Develop a model guideline that represents narrowly defined statutory language the states may use in removing the limitations that may exist within their investment statutes that may otherwise limit the extent of hedges an insurer may use in its risk management.
- C. Consider proposed changes to the statutory framework designed to reduce the level and volatility of the non-economic aspect of current reserve and RBC requirements and refer to the C-3 Phase II/AG 43 (E/A) Subgroup once overall policy decisions are made and finalization of actual proposed changes are ready for consideration.

NAIC Support Staff: Dan Daveline

## ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE

The mission of the Accounting Practices and Procedures (E) Task Force is to identify, investigate and develop solutions to accounting problems with the ultimate goal of guiding insurers in properly accounting for various aspects of their operations; modify the *Accounting Practices and Procedures Manual* to reflect changes necessitated by task force action; and study innovative insurer accounting practices that 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:
  - A. Oversee the activities of the Blanks (E) Working Group and the Statutory Accounting Principles (E) Working Group.
2. The **Blanks (E) Working Group** will:
  - A. Consider improvements and revisions to the various annual/quarterly statement blanks to: 1) conform these blanks to changes made in other areas of the NAIC to promote uniformity in reporting of financial information by insurers; 2) develop reporting formats for other entities subject to the jurisdiction of state insurance departments; 3) conform the various NAIC blanks and instructions to adopted NAIC policy; and 4) oversee the development of additional reporting formats within the existing annual financial statements as needs are identified.
  - B. Continue to monitor state filing checklists to maintain current filing requirements.
  - C. Continue to monitor and improve the quality of financial data filed by insurance companies by recommending improved or additional language for the *Annual Statement Instructions*.
  - D. Continue to monitor and review all proposals necessary for the implementation of statutory accounting guidance to ensure proper implementation of any action taken by the Accounting Practices and Procedures (E) Task Force affecting annual financial statements and/or instructions.
  - E. Continue to coordinate with other task forces of the NAIC to ensure proper implementation of reporting and instructions changes as proposed by these task forces.
  - F. Adjust blanks and instructions to develop principle-based reserving (PBR) reporting under the framework developed by the PBR Review (EX) Working Group.
  - G. Coordinate with the Life Actuarial (A) Task Force to utilize any special reports developed and avoid duplication of reporting.
  - H. Based on the disclosure developed by the Variable Annuities Issues (E) Working Group on variable annuities, finalize a data-captured note with an effective date of Dec. 31, 2017, or earlier.
3. The **Investment Reporting (E) Subgroup** of the Blanks (E) Working Group will:
  - A. 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.
  - B. Review changes requested by the Valuation of Securities (E) Task Force relating to its work on other invested assets reporting for technical consistency within the investment reporting schedules and instructions.

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

4. The **Statutory Accounting Principles (E) Working Group** will:
  - A. Maintain codified statutory accounting principles by providing periodic updates to the guidance that address new statutory issues and new generally accepted accounting principles (GAAP) pronouncements. Provide authoritative responses to questions of application and clarifications for existing statutory accounting principles. Report all actions and provide updates to the Accounting Practices and Procedures (E) Task Force.
  - B. At the discretion of the chair, develop comments on exposed GAAP and International Financial Reporting Standards (IFRS) pronouncements affecting financial accounting and reporting. Any comments are subject to review and approval by the chairs of the Accounting Practices and Procedures (E) Task Force and the Financial Condition (E) Committee.
  - C. Coordinate with the Life Actuarial (A) Task Force on changes to the *Accounting Practices and Procedures Manual* related to the *Valuation Manual* VM-A, Requirements, and VM-C, Actuarial Guidelines, as well as other *Valuation Manual* requirements. This process will include the receipt of periodic reports on changes to the *Valuation Manual* on items that require coordination.
  - D. Obtain, analyze and review information on permitted practices, prescribed practices or other accounting treatments suggesting that issues or trends occurring within the industry may compromise the consistency and uniformity of statutory accounting, including but not limited to activities conducted by insurers for which there is currently no statutory accounting guidance or where the states have prescribed statutory accounting that differs from the guidance issued by the NAIC. Utilize this information to consider possible changes to statutory accounting.
  - E. Develop specific statutory accounting guidance for certain limited derivative contracts hedging variable annuity guarantees, subject to fluctuations as a result of interest rate sensitivity, reserved for in accordance with *Actuarial Guideline XLIII—CARVM for Variable Annuities* (AG 43). This guidance shall place an emphasis on reducing non-economic surplus volatility for these specific hedges in situations where strong risk-management is in place, with safeguards to ensure appropriate financial statement presentation and disclosures, sufficient transparency, and regulatory oversight. This charge shall be a high priority, with the earliest effective date feasible that allows for adequate development of guidance and related reporting schedules.
  - F. Consider whether current or future changes to reserves resulting from implementation of the Variable Annuities Framework for Change will be reported in the annual financial statement as a “change in basis.”
5. The **Restricted Asset (E) Subgroup** of the Statutory Accounting Principles (E) Working Group will:
  - A. 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.

NAIC Support Staff: Robin Marcotte

## CAPITAL ADEQUACY (E) TASK FORCE

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

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

1. The **Capital Adequacy (E) Task Force** will:
  - A. Evaluate emerging “risk” issues for referral to the risk-based capital (RBC) working groups/subgroups for certain issues involving more than one RBC formula. Monitor emerging and existing risks relative to their consistent or divergent treatment in the three RBC formulas.
  - B. Review and evaluate company submissions for the schedule and corresponding adjustment to total adjusted capital (TAC). Determine whether asset charges for the forms of “other security” used by insurers, as required by the proposed Term and Universal Life Insurance Reserve Financing Model Regulation, should be developed or otherwise accounted for in the shortfall calculation and address deferred issues with consolidation presentation.
  - C. Review and evaluate company submissions for the Primary Security Shortfall schedule and corresponding adjustment to Authorized Control Level.
2. The **Health Risk-Based Capital (E) Working Group, Life Risk-Based Capital (E) Working Group and Property and Casualty Risk-Based Capital (E) Working Group** will:
  - A. Evaluate refinements to the existing NAIC RBC formulas implemented in the prior year. Forward the final version of the structure of the current year life, P/C, health and fraternal RBC formulas to the Financial Condition (E) Committee by June.
  - B. Consider improvements and revisions to the various RBC blanks to: 1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity; and 2) oversee the development of additional reporting formats within the existing RBC blanks as needs are identified. Any proposal that affects the RBC structure must be adopted no later than April 30 in the year of the change, and adopted changes will be forwarded to the Financial Condition (E) Committee by the next scheduled meeting or conference call. Any adoptions made to the annual financial statement blanks or statutory accounting principles that affect an RBC change adopted by April 30 and results in an amended change may be considered by July 30 for those exceptions where the Capital Adequacy (E) Task Force votes to pursue by super-majority (two-thirds) consent of members present, no later than June 30 for the current reporting year.
  - C. Monitor changes in accounting and reporting requirements resulting from the adoption and continuing maintenance of the revised *Accounting Practices and Procedures Manual* to ensure that model laws, publications, formulas, analysis tools, etc., supported by the Task Force continue to meet regulatory objectives.
  - D. Review the effectiveness of the NAIC’s RBC policies and procedures as they affect the accuracy, audit ability, timeliness of reporting access to RBC results and comparability between the RBC formulas. Report on data quality problems in the prior year RBC filings at the summer and fall national meetings.
3. The **Investment Risk-Based Capital (E) Working Group** will:
  - A. Evaluate relevant historical data and apply defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to the current asset risk structure and factors in each of the RBC formulas and delivering those recommendations to the Capital Adequacy (E) Task Force.
4. The **Life Risk-Based Capital (E) Working Group** will:
  - A. Evaluate RBC in light of principle-based reserving (PBR). Consider changes to RBC needed because of the changes in reserve values, including the “right-sizing” of reserves, margins in the reserves, any expected increase in reserve volatility, the overall desired level of solvency measurement and other issues.
  - B. 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 Association of Insurance Supervisors’ (IAIS) Insurance Core Principles.
5. The **Operational Risk (E) Subgroup** will:
  - A. 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.

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

6. The **C-3 Phase II/AG 43 (E/A) Subgroup**, a joint subgroup of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force, will:
  - A. 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 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.
  - B. Develop and recommend changes to C-3 Phase II and AG 43 that implement, for 2017 adoption, the Variable Annuities Framework for Change.
7. The **Longevity Risk (A/E) Subgroup**, a joint subgroup of the Life Actuarial (A) Task Force and the Life Risk-Based Capital (E) Working Group, will:
  - A. Provide recommendations for recognizing longevity risk in statutory reserves and/or RBC, as appropriate.
8. The **Catastrophe Risk (E) Subgroup** of the Property and Casualty Risk-Based Capital (E) Working Group will:
  - A. Recalculate the premium risk factors on an ex-catastrophe basis, if needed.
  - B. Continue to update the U.S. and non-U.S catastrophe event list.
  - C. Continue to evaluate the need for exemption criteria for insurers with minimal risk.
  - D. Evaluate the RBC results inclusive of a catastrophe risk charge.
  - E. Refine instructions for the catastrophe risk charge.
  - F. Continue to evaluate any necessary refinements to the catastrophe risk formula.
  - G. Evaluate other catastrophe risks for possible inclusion in the charge.

NAIC Support Staff: Jane Barr

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

1. Coordinate all aspects of the NAIC's work regarding the long term care insurance (LTCI) market. In addition to coordinating all current B and E Committee projects, The task force should pursue the following general objectives:
  - A. To more rigorously assess the financial solvency of LTCI writers;
  - B. To evaluate the sufficiency of current financial reporting and actuarial valuation standards;
  - C. To assess state activities regarding the regulatory considerations on rate increase requests on blocks and to identify common elements for achieving greater transparency and predictability;
  - D. To coordinate state actions aimed at revising state guaranty fund laws;
  - E. To monitor the development of regulatory policy regarding short duration LTCI policies; and
  - F. To consider product innovations and the development of potential state and federal solutions for stabilizing the LTCI market.
  - G. Provide periodic reports to the B and E Committees, and the Executive Committee, regarding key issues and progress toward the general objectives set forth above. Conduct meetings in regulator-only session, as appropriate.

NAIC Support Staff: Dan Daveline/Jolie Matthews

## EXAMINATION OVERSIGHT (E) TASK FORCE

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

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

1. The **Examination Oversight (E) Task Force** will accomplish its mission utilizing the following groups:
  - A. Analyst Team System Oversight (E) Working Group.
  - B. Electronic Workpaper (E) Working Group.
  - C. Financial Analysis Handbook (E) Working Group.
  - D. Financial Analysis Research and Development (E) Working Group.
  - E. Financial Examiners Coordination (E) Working Group.
  - F. Financial Examiners Handbook (E) Technical Group.
  - G. IT Examination (E) Working Group.
2. The **Analyst Team System Oversight (E) Working Group** will:
  - A. Monitor the work performed by the Analyst Team and the progress of any changes made to the Analyst Team Project.
3. The **Electronic Workpaper (E) Working Group** will:
  - A. Monitor and support the state insurance departments in utilizing electronic workpaper software tools to conduct and document solvency monitoring activities.
  - B. Provide ongoing oversight to the NAIC's Electronic Workpaper Hosting Project.
  - C. Develop a framework to meet the long-term needs of regulators in utilizing electronic workpapers to conduct and document solvency monitoring activities.
4. The **Financial Analysis Handbook (E) Working Group** will:
  - A. Provide ongoing maintenance and enhancements to the *Financial Analysis Handbook* and related applications for changes to the NAIC annual/quarterly financial statement blanks, and enhancements developed to assist in risk-focused analysis and monitoring the financial coordination of insurance companies and groups, as well as coordinate and analyze input received from other state regulators.
  - B. In compliance with the framework developed by the PBR Review (EX) Working Group:
    1. Provide advice to regulators, identifying and judging risk, establishing appropriate procedures, identifying frequency of model reviews, and documenting best practices. Address all risks, financial and non-financial; e.g., enterprise risk management (ERM), board, corporate governance and the Own Risk and Solvency Assessment (ORSA).
    2. Adjust the *Financial Analysis Handbook* to incorporate principle-based reserving (PBR) changes.
  - C. Coordinate with the Financial Examiners Handbook (E) Technical Group and the Risk-Focused Surveillance (E) Working Group, as appropriate, to develop and maintain guidance in order to provide effective solvency monitoring.
  - D. Continue incorporating enhancements that encourage the coordination of analysis activities with regard to holding company groups.



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

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

NAIC Support Staff: Miguel Romero

## RECEIVERSHIP AND INSOLVENCY (E) TASK FORCE

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

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

1. The **Receivership and Insolvency (E) Task Force** will:
  - A. Monitor and promote efficient operations of receiverships and guaranty funds.
  - B. Monitor and promote state adoption of receivership related model acts and regulations.
  - C. Provide input and comments to the International Association of Insurance Supervisors (IAIS) or other related groups on issues regarding international resolution authority.
  - D. Monitor, review and provide input on federal rulemaking and studies related to insurance receivership.
  - E. Monitor the work of other NAIC committees, task forces and working groups to identify and address any issues that affect receivership law and/or regulatory guidance.
  - F. Perform additional work as directed by the Financial Condition (E) Committee and/or received through referral by other groups.
  - G. Monitor Federal Home Loan Bank (FHLB) legislation pending in and enacted by the states, and the impact on insurance companies in those states.
2. The **Receivership Financial Analysis (E) Working Group** will:
  - A. Monitor nationally significant insurers/groups within receivership to support, encourage, promote and coordinate 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.
3. The **Receivership Model Law (E) Working Group** will:
  - A. Continue to study the states' receivership laws and practices in comparison to the Financial Stability Board's (FSB) Key Attributes of Effective Resolution Regimes for Financial Institutions (Key Attributes) and its corresponding assessment methodology. Identify and provide recommendations for possible enhancements to the U.S. receivership regime based on the study, as well as recommendations to the FSB for possible future enhancements to either the Key Attributes or the assessment methodology.
  - B. Review and provide recommendations on any issues identified that may affect receivership model laws; for example, any issues that arise as a result of federal rulemaking and studies, international resolution initiatives or as a result of the work performed by other NAIC committees, task forces and/or working groups.
  - C. Evaluate and consider the changing marketplace of long-term care insurance products and the potential impact on guaranty funds.
  - D. Evaluate the need for amendments to the *Life and Health Insurance Guaranty Association Model Act* (#520) to address issues arising in connection with the insolvency of long-term care insurers.
4. The **Receivership Technology and Administration (E) Working Group** will:
  - A. Promote receivership best practices through updates and development of guidance and receivership tools.
  - B. Provide ongoing maintenance and enhancements to the *Receiver's Handbook for Insurance Company Insolvencies*.
  - C. Develop improved guidance on communication with all relevant parties (e.g., best practices regarding communication with reinsurers).
  - D. Monitor, maintain and enhance the Global Receivership Information Database (GRID).
  - E. Perform additional work as directed by the Task Force to address or provide guidance on technical receivership issues.

NAIC Support Staff: Jane Koenigsman

## REINSURANCE (E) TASK FORCE

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

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

1. The **Reinsurance (E) Task Force** will:
  - A. Provide a forum for the consideration of reinsurance-related issues of public policy.
  - B. Oversee the activities of the Reinsurance Financial Analysis (E) Working Group.
  - C. Oversee the activities of the Qualified Jurisdiction (E) Working Group.
  - D. Monitor the implementation of the 2011 and 2016 revisions to the *Credit for Reinsurance Model Law* (#785), the 2011 revisions to the *Credit for Reinsurance Model Regulation* (#786) and the new Term and Universal Life Insurance Reserve Financing Model Regulation.
  - E. Communicate and coordinate with the Federal Insurance Office (FIO) and other federal authorities on matters pertaining to reinsurance.
  - F. Consider any other issues related to the revised Model #785 and Model #786.
  - G. Monitor the development of international principles, standards and guidance with respect to reinsurance. This includes, but is not limited to, monitoring the activities of various groups within the International Association of Insurance Supervisors (IAIS), including the Reinsurance and Other Forms of Risk Transfer Subcommittee, the Reinsurance Mutual Recognition Subgroup and the Reinsurance Transparency Group.
  - H. Consider the impact of reinsurance-related federal legislation, including, but not limited to, the federal Nonadmitted and Reinsurance Reform Act and the Federal Insurance Office Act, and coordinate any appropriate NAIC action.
2. The **Reinsurance Financial Analysis (E) Working Group** will:
  - A. Operates in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings; and operate in open session when discussing certified reinsurance topics and policy issues, such as amendments to the Uniform Application for Certified Reinsurers.
  - B. Provide advisory support and assistance to states in the review of reinsurance collateral reduction applications. Such a process with respect to the review of applications for reinsurance collateral reduction and qualified jurisdictions should strengthen state regulation and prevent regulatory arbitrage.
  - C. Provide a forum for discussion among NAIC jurisdictions of reinsurance issues related to specific companies, entities or individuals.
  - D. Support, encourage, promote and coordinate multi-state efforts in addressing issues related to certified reinsurers, including, but not limited to, multi-state recognition of certified reinsurers.
  - E. Provide analytical expertise and support to the states with respect to certified reinsurers and applicants for certification.
  - F. Interact with domiciliary regulators of ceding insurers and certifying states to assist and advise on the most appropriate regulatory strategies, methods and actions with respect to certified reinsurers.
  - G. Provide guidance and expertise on regulatory policy and practices with respect to certified reinsurers.
  - H. Provide advisory support with respect to issues related to the determination of qualified jurisdictions.
  - I. Monitor the public passporting website and provide recommendations to the Task Force if amendments are required.
3. The **Reinsurance Investment Security (E) Subgroup** will:
  - A. Discuss and consider the need to clarify the concept of investment security as used in either Model #785 or Model #786, and in comparison to the concept of regulatory transactions.
4. The **Qualified Jurisdiction (E) Working Group** will:
  - A. Develop and maintain the NAIC List of Qualified Jurisdictions in accordance with the *Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions*.

NAIC Support Staff: Dan Daveline/Dan Schelp

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

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

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

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

NAIC Support Staff: Becky Meyer

## VALUATION OF SECURITIES (E) TASK FORCE

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

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

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

NAIC Support Staff: Charles Therriault/Robert Carcano

## FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE

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

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

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

NAIC Support Staff: Julie L. Garber/Becky Meyer

## INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE

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

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

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

NAIC Support Staff: Eric Thompson/Ryan Workman/Ekrem Sarper

## **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

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

**APPENDIX 2 (continued)**

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

NAIC Support Staff: Jim Woody

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