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Synopsis of the NAIC Committee, Subcommittee and Task Force Meetings
2014 Fall National Meeting
November 16 – 19, 2014

To: Members of the NAIC and Interested Parties
From: The Staff of the NAIC

Committee Action
NAIC staff have reviewed the committee, subcommittee and task force reports and highlighted the actions taken by the committee groups during the Fall National Meeting in Washington, DC. The purpose of this report is to provide NAIC members, state insurance regulators and interested parties with a summary of these meeting reports.

EXECUTIVE (EX) COMMITTEE AND PLENARY (Joint Session)

Nov. 19, 2014
1. Elected the 2015 NAIC officers: Commissioner Monica J. Lindeen (MT), president; Commissioner Michael F. Consedine (PA), president-elect; Commissioner Sharon P. Clark (KY), vice president; and Commissioner Ted Nickel (WI), secretary-treasurer.
2. Adopted the Nov. 17 report of the Executive (EX) Committee meeting, during which the Committee: adopted the Nov. 16 report from the joint meeting of the Executive (EX) Committee and Internal Administration (EX1) Subcommittee; adopted its Nov. 12, Oct. 16 and Sept.15 meeting report; adopted reports from the Financial Stability (EX) Task Force; Government Relations (EX) Leadership Council; Governance Review (EX) Task Force; International Insurance Relations (EX) Leadership Group; Principle-Based Reserving Implementation (EX) Task Force, including adoption of Actuarial Guideline XLVIII—Actuarial Opinion and Memorandum Requirements for the Reinsurance of Policies Required to be Valued under Sections 6 and 7 of the NAIC Valuation of Life Insurance Policies Model Regulation (AG 48), which establishes uniform national standards for XXX/AXXX captive reserve transactions; Producer Licensing (EX) Task Force; and Speed to Market (EX) Task Force; and approved the appointment of the new Cybersecurity (EX) Task Force and adopted its charges; received a status report of model law development efforts; and received reports from the NIPR and the IIPRC.
3. Adopted by consent the committee, subcommittee and task force minutes of the 2014 Summer National Meeting.
4. Adopted the NAIC’s 2015 Proposed Committee Charges.
5. Adopted the NAIC’s proposed 2015 budget.
6. Received reports from the Life Insurance and Annuities (A) Committee; Health Insurance and Managed Care (B) Committee; Property and Casualty Insurance (C) Committee; Market Regulation and Consumer Affairs (D) Committee; Financial Condition (E) Committee; Financial Regulation Standards and Accreditation (F) Committee; and International Insurance Relations (G) Committee.
7. Adopted the 2015 Generally Recognized Expense Table (GRET).
8. Adopted the Corporate Governance Annual Disclosure Model Act and the Corporate Governance Annual Disclosure Model Regulation.
9. Adopted the Guideline for Payment of Interest to Receiver on Overdue Reinsurance Recoverables.
10. Adopted the 2011 revisions to the Risk-Based Capital (RBC) for Insurers Model Act (#312) regarding the life trend test for accreditation purposes.
12. Received an update on the states’ implementation of NAIC-adopted model laws and regulations.
13. Received the results of the 2015 Zone Officer elections. Midwest Zone: Commissioner Mike Rothman (MN), chair; Director Bruce R. Ramge (NE), vice chair; and Commissioner Nick Gerhart (IA), secretary. Northeast Zone: Commissioner Kenneth E. Kobylowski (NJ), chair; Superintendent Benjamin M. Lawsky (NY), vice chair; and Commissioner Susan L. Donegan (VT), secretary. Southeast Zone: Commissioner Jim L. Ridling (AL), chair; Commissioner Wayne Goodwin (NC), vice chair; Commissioner Julie Mix McPeak (TN), secretary. Western Zone: Commissioner Gordon I. Ito (HI), chair; Director Germaine L. Marks (AZ), vice chair; and Commissioner Dave Jones (CA), secretary.
EXECUTIVE (EX) COMMITTEE

Nov. 17, 2014
1. Adopted the Nov. 16 report of the joint meeting of the Executive (EX) Committee and Internal Administration (EX1) Subcommittee, which included the following action:
   • Adopted the report of the NAIC Audit Committee, including a review of the Sept. 30 financial statements, the 2014 audit process, the 2014 SSAE 16 SOC 1 report timeline, member grant funding and approval of the 2015 Audit Committee Charter.
   • Adopted the report of the Information Systems (EX1) Task Force, including reports on the Business and Fiscal Impact Statements (BFIS) with a technology component and member-approved 2014 IT project requests; updates on SBS, OPTins, SERFF and State Producer Licensing (SPL); and a presentation on the 2014 State Insurance Department Technology Survey results.
   • Adopted a report on the NAIC’s long-term investment and defined benefit plan portfolios.
   • Approved the NAIC’s commercial insurance broker for 2015–2017.
   • Approved changing hotel locations for the 2016 Summer National Meeting due to construction delays.
2. Adopted its interim meeting report, including the selection of a consultant to conduct an operating reserve review; ratification of the appointments of Commissioner Kevin M. McCarty (FL) and Commissioner Kenneth E. Kobylowski (NJ) to the International Association of Insurance Supervisors’ (IAIS) Executive Committee; selection of Commissioner Adam Hamm (ND) as the state insurance commissioner to the Financial Stability Oversight Council (FSOC); appointment of Commissioner Nick Gerhart (IA) to the NIPR Board of Directors; and approval of the NAIC 2015 budget, including a referral to Plenary for consideration of adoption.
3. Adopted reports from the Financial Stability (EX) Task Force; Government Relations (EX) Leadership Council; Governance Review (EX) Task Force; International Insurance Relations (EX) Leadership Group; Principle-Based Reserving Implementation (EX) Task Force, including adoption of AG 48; Producer Licensing (EX) Task Force; and Speed to Market (EX) Task Force.
4. Approved the appointment of the new Cybersecurity (EX) Task Force and adopted its charges.
5. Received a status report of model law development efforts for the following: amendments to the Annuity Disclosure Model Regulation (#245); amendments to the Suitability in Annuity Transactions Model Regulation (#275); amendments to the Advertisements of Life Insurance and Annuities Model Regulation (#570); amendments to the Life Insurance and Annuities Replacement Model Regulation (#613); amendments to the Insurance Holding Company System Regulatory Act (#440); amendments to the Insurance Holding Company System Model Regulation with Reporting Forms and Instructions (#450); Individual Market Health Insurance Coverage Model Regulation; Small Group Market Health Insurance Coverage Model Regulation; amendments to the Creditor-Placed Insurance Model Act (#375); amendments to the Property and Casualty Actuarial Opinion Model Law (#745); amendments to the Actuarial Opinion and Memorandum Regulation (#822); amendments to the Mortgage Guaranty Insurance Model Act (#630); amendments to the Synthetic Guaranteed Investment Contracts Model Regulation (#695); Corporate Governance Annual Disclosure Model Act; and Corporate Governance Annual Disclosure Model Regulation.
6. Heard reports from the NIPR and the IIPRC.

Financial Stability (EX) Task Force

Nov. 16, 2014
1. Heard an update on the FSOC process.
2. Discussed the implications of cybersecurity on insurance companies.

Governance Review (EX) Task Force

Nov. 18, 2014
1. Adopted its Aug. 18 minutes.
3. Received an update on the Executive (EX) Committee action related to the Task Force recommendation to retain a consultant.
4. Received a presentation from NAIC staff on administrative due process used by certain working groups and task forces of the NAIC, and directed NAIC staff to compile additional information on areas where NAIC work product is implemented without state action.

Government Relations (EX) Leadership Council

The Government Relations (EX) Leadership Council did not meet.
International Insurance Relations (EX) Leadership Group

The International Insurance Relations (EX) Leadership Group did not meet.

Principle-Based Reserving Implementation (EX) Task Force

Nov. 17, 2014
1. Adopted its Nov. 7, Nov. 6, Oct. 9, Sept. 18 and Sept. 4 minutes.
2. Exposed the sections of the Standard Valuation Law (#820) proposed to be used as substantially similar language in comparison to states’ standard valuation laws needed to determine the operative date of the Valuation Manual until Jan. 15, 2015.
3. Received a report on the company experience reporting framework.
4. Exposed a proposed principle-based reserving (PBR) small company exemption until Jan. 15, 2015.
5. Received written status reports regarding PBR implementation from the PBR Review (EX) Working Group and the Life Actuarial (A) Task Force.
7. Received written status reports regarding XXX/AXXX charges.

Producer Licensing (EX) Task Force

Nov. 17, 2014
1. Adopted its Sept. 11 and Aug. 17 minutes.
4. Heard a presentation from the American Association of Independent Claims Professionals (AAICP) regarding licensing uniformity and reciprocity for independent adjusters.
5. Heard a report from the NIPR Board of Directors regarding the need for enhanced uniformity in producer licensing.
6. Heard a report on federal producer licensing activities.

Speed to Market (EX) Task Force

Nov. 18, 2014
1. Adopted its Sept. 4 minutes.
3. Received reports on SERFF implementation projects and activity.
4. Discussed a request to expand SERFF’s filing access functionality.
5. Received a report from the SERFF Advisory Board.
6. Heard a report from the IIPRC.

INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE

See the Executive (EX) Committee listing for details.

Information Systems (EX1) Task Force

Nov. 16, 2014
1. Reviewed its Sept. 10 and Aug. 16 minutes.
2. Received a report on the Technical Consulting (EX1) Working Group’s review of the 2015 NAIC budget BFIS proposals with a technology component. The report indicated concurrence with the technology approach in each of the fiscals reviewed. Revised language in Appendix A to the BFIS and project request forms was also proposed. There was agreement that it will be implemented by NAIC staff.
3. Received a status report on 2013 and 2014 fiscals with a technology component. The 2013 fiscals included the following projects: Upgrades for SERFF to Support the U.S. Department of Health and Human Services (HHS) Exchange Plan Management Data Collection; SBS Enhancement Technology Compliance Initiative – Phase I; and Online Premium Tax for Insurance (OPTins) Enhancements. The 2014 fiscals included the following projects: SBS Software Enhancement and Technology Compliance Initiative – Phase II; Integrated Securities Information Systems (ISIS) System Rewrite – Phase I; SERFF Public Access Implementation; Examination Tracking System Continuum Action Support; and Regulator User Interface (RUI) Redesign.
4. Received reports on SBS, OPTins, SERFF and State Producer Licensing.
5. Received a presentation of findings from the 2014 State Information Technology Survey.

LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

Nov. 17, 2014
1. Adopted its Oct. 28 minutes.
2. Adopted the report of the Contingent Deferred Annuity (A) Working Group, which included the adoption of the contingent deferred annuity (CDA)-related revisions to the following NAIC models: Annuity Disclosure Model Regulation (#245); Suitability in Annuity Transactions Model Regulation (#275); Advertisements of Life Insurance and Annuities Model Regulation (#570); and Life Insurance and Annuities Replacement Model Regulation (#613).
3. Adopted the report of the Unclaimed Life Insurance Benefits (A) Working Group, which included adoption of the Working Group’s model law development request to draft a new NAIC model to address the issue of unclaimed death benefits.
4. Adopted the report of the Life Actuarial (A) Task Force.

Life Actuarial (A) Task Force

Nov. 14–15, 2014
3. Heard a report from the SOA on the status of its existing research projects.
4. Heard an update from the IIPRC.
6. Adopted the report of the Contingent Deferred Annuity (A) Subgroup.
7. Voted to expose the Academy proposal for modifications to the Synthetic Guaranteed Investment Contract Model Regulation (#695) for a 60-day public comment period ending Jan. 16, 2015.
8. Updated the status of the List of Items Required Prior to the Valuation Manual Operative Date.
9. Adopted the American Council of Life Insurers’ (ACLI) proposal for using the asset adequacy analysis for the stochastic exclusion test and revision of the ratio percentage for this test.
10. Heard an update from the ACLI on volatility considerations related to VM-20, Requirements for Principle-Based Reserves for Life Products; commercial mortgage asset default costs; review of VM-31, PBR Report Requirements for Business Subject to a Principle-Based Reserve Valuation; and net premium reserve product definitions.
11. Voted to expose the VM-20 spreads for a 14-day public comment period ending Dec. 2.
12. Adopted the report of the C-3 Phase II/AG 43 (E/A) Subgroup.
13. Adopted the report of the VM-22 (A) Subgroup, which included adoption of its Oct. 8 minutes.
14. Adopted the report of the Experience Reporting (A) Subgroup, which included adoption of its Oct. 7 minutes.
15. Heard an update from the Academy Council on Professionalism.
16. Adopted the report of the Index-Linked Variable Annuity (A) Subgroup, which included adoption of its Sept. 30 minutes.
17. Heard a presentation on the Kansas Insurance Department survey on indexed universal life (IUL) policies.
18. Discussed the ACLI and the Coalition of Companies’ proposals for an actuarial guideline for IUL illustrations, responses to the Task Force’s questions and comments from the Task Force and interested regulator criteria for an IUL illustration standard.

HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE

Nov. 17, 2014
1. Heard an update from Georgetown Health Policy Institute’s Center on Health Insurance Reforms (CHIR) on its work related to the federal Affordable Care Act (ACA) through the State Health Reform Assistance Network, including information about the updated network adequacy planning tool and two issue briefs to be released in the coming months titled “Short-term, Limited-duration Insurance and Excepted Benefits” and “Reference Pricing – An Overview and Suggested Policy Considerations.” The Committee also heard about a new tool, the Navigator Resource Guide, which is designed to assist navigators and consumer assistors involved with helping consumers to enroll in qualified health plans on the health insurance exchanges.
2. Heard a briefing on the results of the NAIC consumer representatives’ network adequacy survey sent to all of the state insurance departments. The Committee also heard their recommendations to state insurance regulators to address the issues resulting from the survey findings.
4. Heard an update from the U.S. Center for Consumer Information and Insurance Oversight (CCIIO) on its ACA implementation activities, particularly as to the second year of open enrollment in the health insurance exchanges.
5. Adopted its Oct. 21 minutes.
6. Adopted the report of the Model Law Review Initiative (B) Subgroup.
8. Adopted the report of the Health Actuarial (B) Task Force.
9. Adopted the report of the Regulatory Framework (B) Task Force, which included adoption of 1) the Individual Market Health Insurance Coverage Model Regulation, which is to be a companion to the Individual Market Health Insurance Coverage Model Act (#36); and 2) the Small Group Market Health Insurance Coverage Model Regulation, which is to be a companion to the Small Group Market Health Insurance Coverage Model Act (#106).
10. Adopted the report of the Senior Issues (B) Task Force.
11. Heard an update on federal activities.

Health Actuarial (B) Task Force

Nov. 15, 2014
1. Adopted its Oct. 30 minutes.
2. Adopted the report of the Actuarial Value (B) Subgroup, which included its Sept. 25 minutes.
3. Heard a report on research activities from the SOA.
4. Heard an update from the Academy/SOA Cancer Claim Cost Table Work Group.
5. Heard an update from the IIPRC concerning long-term care insurance rate and certification filings.
6. Heard an update from the Academy Individual Disability Table Work Group.
8. Heard a presentation from the Academy Council on Professionalism.
9. Heard an Academy Health Practice Council report.
10. Adopted the report of the Long-Term Care Actuarial (B) Working Group, which included its Sept. 15 minutes.
11. Adopted the report of the Health Care Reform Actuarial (B) Working Group, which included its Oct. 30 minutes.

Regulatory Framework (B) Task Force

Nov. 16, 2014
1. Adopted its Sept. 30 minutes.
2. Adopted revised drafts of the Individual Market Health Insurance Coverage Model Regulation, which is to be a companion to the Individual Market Health Insurance Coverage Model Act (#36); and the Small Group Market Health Insurance Coverage Model Regulation, which is to be a companion to the Small Group Market Health Insurance Coverage Model Act (#106).
3. Discussed the comments received on 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). The Task Force directed NAIC staff to prepare a discussion draft for the Task Force’s review during a conference call in early 2015 that will include proposed revisions that have stakeholder consensus.
4. Heard an update on the proposed revisions to the Group Health Insurance Standards Model Act (#100). NAIC staff plan to prepare a discussion draft for the Task Force’s review during a conference call in early 2015.
5. Adopted the report of the ERISA (B) Working Group.
6. Adopted the report of the Network Adequacy Model Review (B) Subgroup.

Senior Issues (B) Task Force

Nov. 16, 2014
1. Adopted its Sept. 15 minutes.
2. Heard remarks from the Administration on Community Living (ACL) on the State Health Insurance Assistance Program (SHIP).
3. Heard an update on federal activities.
4. Adopted the report of the Long-Term Care Consumer Disclosure (B) Subgroup.
5. Adopted the report of the Long-Term Care Guidance Manual (B) Subgroup.
6. Received a report from the Long-Term Care Actuarial (B) Working Group.
8. Appointed the Long-Term Care Partnership Reporting (B) Subgroup.
9. Discussed information about state provisions expanding Medicare supplement coverage for under age 65 Medicare-eligible individuals.

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE

Nov. 18, 2014
1. Adopted its Oct. 22 minutes.
2. Adopted the following task force and working group reports: Casualty Actuarial and Statistical (C) Task Force; Surplus Lines (C) Task Force; Title Insurance (C) Task Force; Workers’ Compensation (C) Task Force; Advisory Organization Examination Oversight (C) Working Group; Affordable Care Act Medical Professional Liability (C) Working Group; Auto Insurance (C/D) Study Group; Catastrophe Insurance (C) Working Group; Catastrophe Response (C) Working Group; Climate Change and Global Warming (C) Working Group; Crop Insurance (C) Working Group; Earthquake (C) Study Group; Risk Retention (C) Working Group; Sharing Economy (C) Working Group; Terrorism Insurance Implementation (C) Working Group; and Transparency and Readability of Consumer Information (C) Working Group.
3. Adopted the Compendium of Reports Related to the Pricing of Personal Automobile Insurance.
5. Heard a presentation on the use of databases and data-mining tools by insurers.
6. Heard a presentation on emerging technologies and their potential impact to the insurance industry.
7. Discussed the possibility of collecting data related to cyber insurance.
8. Discussed the status of lender-placed insurance data collection.
10. Agreed to request an update from the National Association of Fire Marshals regarding the issue of yellow corrugated stainless steel tubing (CSST).

Casualty Actuarial and Statistical (C) Task Force

Nov. 16, 2014
2. Discussed evaluation of the SOA general insurance actuarial education.
3. Heard presentations from the Casualty Actuarial Society and the Academy on price optimization.
4. Adopted the report of the Actuarial Opinion (C) Subgroup, including its Sept. 4 minutes.
5. Adopted the report of the Appointed Actuary (C) Subgroup, including its Oct. 6, Sept. 12 and Aug. 28 minutes.
6. Adopted the report of the Profitability (C) Working Group.
7. Adopted the report of the Statistical (C) Subgroup.
8. Heard reports from the Academy regarding the activity of its Committee on Property and Liability Financial Reporting and on actuarial professionalism.

Surplus Lines (C) Task Force

Nov. 18, 2014
1. Adopted its Oct. 1 minutes.
2. Reviewed the materials that provided background on planned increases to qualifying standards for exempt commercial purchasers (ECPs) as prescribed in the federal Nonadmitted and Reinsurance Reform Act.
3. Heard presentations of comment letters from the Louisiana Department of Insurance and a group of six industry organizations regarding recommendations to increase certain ECP-qualifying amounts.
4. Adopted a formula and a time period in which to calculate an increase in the qualifying standards for three ECP classifications.

Title Insurance (C) Task Force

Nov. 17, 2014
1. Adopted its Sept. 10 and Aug. 17 minutes.
3. Discussed the draft Title Insurance Guaranty Association – Title Insurance Consumer Protection Fund Guideline, which was exposed Oct. 23 for a public comment period ending Nov. 20.
4. Discussed the draft NAIC title shopping tool and the best practices for marketing a title shopping tool to consumers, which were exposed Nov. 11 for a public comment period ending Dec. 4.
5. Discussed a preliminary action plan regarding its 2015 Proposed Charges.
6. Heard an update on regulator collaborative efforts concerning fraud.
7. Heard an update from the American Land Title Association (ALTA) regarding new loan estimate and closing disclosure.
8. Heard an update on federal activities.

Workers’ Compensation (C) Task Force

Nov. 18, 2014
1. Adopted its Sept. 25 and Aug. 18 minutes.
2. Heard a presentation on the federal Terrorism Risk Insurance Act (TRIA).
3. Discussed the impact on the workers’ compensation market should TRIA not renew in its current form.
4. Adopted a request for the NAIC/IAIABC Joint (C) Working Group to consider revisions to the Study on the Use of Large Deductibles in Workers’ Compensation.
5. Received third quarter 2014 statistical results for the residual market.
6. Heard a report from the National Council on Compensation Insurance (NCCI) on policyholder disputes.
7. Agreed to contact the National Conference of Insurance Legislators (NCOIL) concerning the NCOIL model act regarding professional employer organization (PEO) relationships.
8. Discussed issues related to advisory organizations in the workers’ compensation market.

MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE

Nov. 18, 2014
1. Adopted its Oct. 20 minutes.
2. Adopted market conduct examination standards addressing ACA guidelines related to the prohibition on excessive waiting periods and essential health benefits to be included in the Market Regulation Handbook for optional use by the states.
3. Adopted a health reform survey designed for individual state use to collect information on insurance companies’ practices related to the ACA standards.
4. Adopted the framework for a health data call with the understanding that additional detail on the data definitions will be completed by the end of 2014.
5. Adopted revised core competencies to provide additional guidance on insurance department staff professional designations and insurance department oversight of contract examiner activity.
6. Adopted Market Information Systems (MIS) data analysis metrics, which are measures to analyze the data currently in the NAIC’s MIS to see what was entered and what training needs to occur to ensure better data quality.
7. Adopted a summary of the consumer group’s comments on the availability and affordability of auto insurance for low-income drivers to be included in the Compendium of Reports on the Pricing of Personal Automobile Insurance.
8. Adopted reports of its task forces and working groups: Antifraud (D) Task Force; Market Information Systems (D) Task Force; Market Regulation Accreditation (D) Working Group; Market Conduct Examination Standards (D) Working Group; Market Actions (D) Working Group; Market Analysis Procedures (D) Working Group; and Auto Insurance (C/D) Study Group.
9. Heard a presentation on weblining and implications for insurance market regulation.
11. Heard a report on market conduct activities of the IAIS.

Antifraud (D) Task Force

Nov. 16, 2014
1. Adopted its Sept. 17 and Aug. 17 minutes.
2. Received a report on the NAIC’s participation as a partner in the Healthcare Fraud Prevention Partnership.
3. Received a report on the Online Fraud Reporting System (OFRS), which included an update on the outstanding OFRS Uniform System Enhancement Request (USER) forms.
4. Received a report on the 2014 antifraud education programs.
5. Discussed the Antifraud Resources Report data updates for 2014. The Task Force has opened the report to update the types of data collected. The Task Force is soliciting comments and suggestions from its members, interested regulators and interested parties on the information published in the report.

6. Heard reports from the following organizations: Coalition Against Insurance Fraud; and National Insurance Crime Bureau.


**Market Information Systems (D) Task Force**

Nov. 16, 2014

1. Adopted its Aug. 16 minutes.

2. Adopted the Market Information Systems Research and Development (D) Working Group’s report from its Oct. 30, Oct. 8 and Sept. 10 meetings. The report included direction given on several USER forms and a review of criteria to analyze the MIS data.

3. Adopted the report of the Regulatory Information Retrieval System (D) Subgroup from its Oct. 28 meeting. The report included that the Subgroup discussed new Regulatory Information Retrieval System (RIRS) definitions that will be considered for adoption on its next call.

4. Adopted criteria to analyze the MIS data and directed NAIC staff to generate the associated results.

5. Received an update on the Market Action Tracking System project.

**FINANCIAL CONDITION (E) COMMITTEE**

Nov. 18, 2014


   - The Reinsurance (E) Task Force report includes the exposure of several qualified jurisdictions for the certified reinsurer process. Once adopted by the Task Force, these recommendations will be presented to the Executive (EX) Committee and Plenary for consideration. This consideration needs to be decided prior to year-end 2014. After NAIC adoption, the list of qualified jurisdictions will be sent to the FIO and the Office of the United States Trade Representative for consultation purposes and added to the NAIC List of Qualified Jurisdictions. Qualified jurisdictions are subject to re-evaluation every five years, unless there is a material change in circumstances.

3. Adopted the 2015 examiners’ suggested compensation.

**Note:** Items adopted within the Financial Condition (E) Committee’s task force and working group reports that are considered technical, non-controversial and not significant by NAIC standards (i.e., they do not include model laws, model regulations, model guidelines or items considered to be controversial) will be considered for adoption by the Executive (EX) Committee and Plenary through the Financial Condition (E) Committee’s technical changes report process. Pursuant to this process, which was adopted by the NAIC in 2009, a listing of the various technical changes will be sent to the NAIC members shortly after completion of the Fall National Meeting, and the members will have 10 days to comment with respect to those items. If no objections are received with respect to a particular item, the technical changes will be considered adopted by the NAIC membership and effective immediately.

**Accounting Practices and Procedures (E) Task Force**

Nov. 17, 2014

1. Adopted its Sept. 19 and Aug. 17 minutes.

2. Adopted the Nov. 16 report of the Statutory Accounting Principles (E) Working Group, including the following actions:
   - Adopted its Oct. 24, Sept. 2 and Aug. 16 minutes.
   - Adopted the following nonsubstantive items to existing statutory accounting guidance:
     - Revisions to clarify that restricted assets can be admitted or nonadmitted assets and disclosure clarifications.
     - Technical revisions to include prior guidance on extra-contractual obligations and prepaid adjustment expenses.
- Technical revisions clarify the disclosures currently captured within Note 34 on separate accounts.
- Revisions to *title insurance* guidance to delete the disclosure for premium revenue reported on the Gross All-Inclusive and Gross Risk Rate premium basis, with corresponding revisions to the risk rate terminology.
- Revisions to clarify that the RBC authorized control level used in the annual realization threshold table for the deferred tax asset (DTA) calculation is from the RBC ratio in process of being filed.
- Revisions to adopt **ASU 2014-12: Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period** with an effective date of Jan. 1, 2016, with early adoption permitted.
- Revisions to reject **ASU 2014-10: Development Stage Entities** as not applicable.
- Revisions to consolidate previously rejected generally accepted accounting principles (GAAP) guidance from **INT 99-00: Compilation of Rejected EITFs into Issue Paper No. 99—Nonapplicable GAAP Pronouncements**.
- Revisions to incorporate changes to Appendix A-010 **Health Insurance Reserves** requiring the 2012 Group Long-Term Disability (2012 GLTD) table as of Jan. 1, 2017, with early adoption permitted.
- Revisions to Appendix C description and to add **Actuarial Guideline XLVII**, providing guidance on blending company experience with the 2012 GLTD table.

**Exposed the following substantive revisions to statutory accounting with a shortened comment deadline of Dec. 8:**

- Simultaneously exposed Issue Paper No. 149 and substantively revised **SSAP No. 40R—Real Estate Investments** to move single-member and single-asset LLCs (underlying asset is real estate) into SSAP No. 40R as of Jan. 1, 2015; and directed preparation of an annual financial statement blanks proposal.
- **SSAP No. 107—Accounting for the Risk-Sharing Provisions of the Affordable Care Act.**

- **Exposed the following nonsubstantive revisions to existing statutory accounting guidance:**
  - Proposed revisions adopt **ASU 2014-13: Presentation of Financial Statements—Going Concern** and incorporate audited disclosure requirements for a reporting entity to disclose whether there is substantial doubt on the entity’s ability to continue as a going concern. Revisions were also exposed that would nonadmit investments in related affiliate holdings whose audited financial statements include management going concern disclosures.
  - Proposed revisions to delete disclosures that pertain to defined benefit and defined contribution plans, with a reference to complete the disclosures in SSAP No. 92—*Accounting for Postretirement Benefits Other Than Pensions* if special or contractual termination benefits are provided.
  - Proposed revisions reject **ASU 2013-06: Not-for-Profit Entities; Services Received from Personnel of an Affiliate.** In addition, incorporated disclosures regarding services for not-for-profit entities.
  - Received a response from the Principle-Based Reserving Implementation (EX) Task Force confirming that the reference to AG 48 within the Notes disclosure, as well as the reference to the XXX/AXXX Reinsurance Model Regulation or any state variation from those standards, is consistent with the intent of the Task Force. The proposed revisions which were exposed require disclosure for the annual audited financial statements indicating compliance with AG 48 or the XXX/AXXX Reinsurance Model Regulation.
  - Proposed revisions to clarify the amounts to be included in Schedule F related to an asbestos and environmental reinsurance reporting exception for retroactive counterparties (using the reporting option one), along with updates for the proposed reporting.
  - Proposed technical revisions to update the references to specific preprinted lines for protected cells.
  - Proposed revisions to reject **ASU 2014-16: Derivatives and Hedging, Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share is More Akin to Debt or to Equity.**
  - Proposed revisions to consolidate the guidance from **INT 13-03—Clarification of Surplus Deferral in SSAP No. 92 and SSAP No. 102** into the applicable SSAPs.
  - Proposed revisions to adopt with modification **ASU 2014-01: Accounting for Investments in Qualified Affordable Housing Projects** to prohibit the elective proportional amortization method and reject net reporting.

**Directed NAIC staff to draft revisions to clarify:**

- Items included in the cash flow statement should be limited to those that involve cash as defined as cash, cash equivalents and short-term investments, and expand the disclosures to include non-cash operating items.
- Existing guidance around non-rated surplus notes and surplus notes with a designation below an NAIC 1. Also noted that surplus notes with an NAIC 1 designation should continue to use amortized cost.

**Discussed the following outstanding agenda items:**

- Discussed investment classification project comments provided direction to address two issues.
Directed NAIC staff to work with Working Group members and the industry to develop a recommendation on the reporting for contracts subject to redetermination amounts resulting from Medicare Part D and Medicare Advantage, and risk adjustment receivables under the ACA. Also approved a joint referral to the Health Actuarial (B) Task Force and the Life Actuarial (A) Task Force to clarify the Statement of Actuarial Opinion regarding the receivables and payables from these amounts.

- Received an update on the following projects and referrals:
  - The Restricted Asset (E) Subgroup reported the repurchase agreements survey results to date. First and second quarter filings data from the Federal Home Loan Bank (FHLB) disclosures are being reviewed by the Subgroup. Noted that proposed revisions to the regulations governing FHLB membership may impact reporting entities.
  - The Working Group is not planning comment letters on current GAAP exposures.

- The deadline for comments on exposed items is Jan. 16, 2015, except for agenda items 2013-17 (single-member and single-asset LLCs) and 2014-12 (SSAP No. 107—Accounting for the Risk-Sharing Provisions of the Affordable Care Act), which have a comment deadline of Dec. 8, 2014. The deadline to submit new items is Feb. 12, 2015.

3. Adopted the Nov. 16 report of the Blanks (E) Working Group, which took the following actions:

- Adopted its Aug. 16 and Sept. 19 minutes (including the adoption of the Principle-Based Reserving (PBR) Supplement proposal, 2014-18BWG, for the reporting of XXX/AXXX reinsurance in the life and fraternal blanks) and an editorial listing.
- Adopted the report of the Investment Reporting (E) Subgroup, which included its Oct. 14 and Sept. 24 minutes.
- Adopted enhancements to the charges for the Investment Reporting (E) Subgroup.
- Adopted guidance for reporting Medicare Advantage, Medicare Part C and Medicare Part D business in the “Government Business (Excluded by Statute)” column of the Supplemental Health Care Exhibit notwithstanding that, effective in 2014, these coverages are no longer “excluded by statute” pursuant to the May 23, 2013, ACA final rule, 42 CFR Parts 422 and 423 but will be excluded from this column in future filings.
- Voted to expose the Corporate Governance (E) Working Group memorandum requesting a review of possible redundancies between the corporate governance annual filing and the annual financial statement general interrogatories.
- Voted to expose two new proposals for a public comment period ending Feb. 27, 2015.

4. Discussed a pending referral from the PBR Review (EX) Working Group to request input on what determines a change in valuation basis under life PBR will be addressed by Statutory Accounting Principles (E) Working Group in coordination with the Life Actuarial (A) Task Force.

**Capital Adequacy (E) Task Force**

*Nov. 17, 2014*

1. Adopted its Sept. 17 and Aug. 17 minutes.
2. Adopted the reports of its Health Risk-Based Capital (E) Working Group; Life Risk-Based Capital (E) Working Group; Investment Risk-Based Capital (E) Working Group; Property and Casualty Risk-Based Capital (E) Working Group; and the Operational Risk (E) Subgroup’s Nov. 6 minutes.
3. Received a referral from the Property and Casualty Risk-Based Capital (E) Working Group regarding affiliate investment subsidiaries proposal and referred this to the Health Risk-Based Capital (E) Working Group and the Life Risk-Based Capital (E) Working Group for exposure and consideration.
5. Voted to expose the Management’s Discussion and Analysis instruction proposal for a 46-day public comment period ending Jan. 2, 2015.
6. Heard an update on the health underwriting risk (for informational purposes only) page, which was exposed by the Property and Casualty Risk-Based Capital (E) Working Group and will be considered by the Life Risk-Based Capital (E) Working Group.
7. Received information regarding the treatment for catastrophe bonds held by life insurance companies, which was presented to the Valuation of Securities (E) Task Force for consideration and may be referred to the Capital Adequacy (E) Task Force in spring 2015.

**Examination Oversight (E) Task Force**

*Nov. 17, 2014*


2. Discussed a referral from the Financial Condition (E) Committee regarding CDAs. The Life Actuarial (A) Task Force will take the lead on the issues surrounding CDAs and the Examination Oversight (E) Task Force will consider potential training or areas of improvement for analysts and examiners in identifying and monitoring specific product-related risks. As a first step, the Examination Oversight (E) Task Force discussed current practices in place to review and monitor new products such as CDAs.

3. Adjourned into regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings.

Receivership and Insolvency (E) Task Force

Nov. 17, 2014
1. Adopted its Sept. 4 and Aug. 17 minutes.
2. Adopted a revision to the Notice of Protection Provided by [State] Life and Health Insurance Guaranty Association (#1525).
5. Received the report of the Receivership Financial Analysis (E) Working Group, which met in regulator-to-regulator session Nov. 17 and Nov. 4 pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings.
6. Adopted the report of the Receivership Model Law (E) Working Group, which discussed provisions of the Insurer Receivership Model Act (#555), the Life and Health Insurance Guaranty Association Model Act (#520) and the Property and Casualty Insurance Guaranty Association Model Act (#540) for consistency in adoption by the states. The Working Group agreed that guaranty fund coverage limits are substantially similar across the states with few exceptions. Regarding the states’ receivership laws and guidelines, a request was made to interested parties and regulators to identify key concepts for consistency in multi-state receiverships. Further discussions are expected in 2015.
7. Voted to disband the Federal Home Loan Bank Legislation (E) Subgroup, the Receivership Reinsurance Recoverables (E) Working Group, the Receivership Separate Accounts (E) Working Group and the SEC Consideration (E) Subgroup.
10. Heard a federal legislative update from NAIC staff.
11. Heard a presentation on behalf of the International Association of Insurance Receivers regarding a proposal to the NAIC to consider funding the development of a credentialing program for receivers.

Reinsurance (E) Task Force

Nov. 17, 2014
1. Adopted its Oct. 29 and Sept. 15 minutes.
2. Adopted the report of the Qualified Jurisdiction (E) Working Group.
4. Discussed the Uniform Application Checklist for Certified Reinsurers.
5. Received a status report on the states’ implementation of the revised Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786).
6. Discussed uniformity of the states’ adoption of certified reinsurer revisions.

Risk Retention Group (E) Task Force

Nov. 16, 2014
1. Adopted its Aug. 16 minutes.
2. Discussed comments received related to the proposed response to the referral from the Financial Condition (E) Committee regarding whether a captive manager could be deemed to control a risk retention group (RRG). The Task Force adopted its draft response to the referral to the Financial Condition (E) Committee.
3. Received an update on ongoing work of other NAIC bodies and federal activity regarding captive RRGs.
4. Discussed that the Federal Housing Finance Agency is proposing to revise its regulations governing FHLB membership. The revisions would 1) define the term “insurance company” to exclude captive insurers from FHLB membership; and 2) permit existing captive members to remain members for five years with certain restrictions.

5. Discussed that the RBC calculation requires four years’ worth of data related to premiums. The Task Force directed NAIC staff to work with representatives from the District of Columbia Department of Insurance, Securities and Banking to prepare and send an email to the states with domestic RRGs, reminding them that this information may need to be manually entered for earlier years.

Valuation of Securities (E) Task Force

Nov. 17, 2014
1. Adopted its Oct. 2, Sept. 17 and Sept. 11 minutes.
2. Adopted the report of the Securitization Data Quality (E) Working Group, which included its Sept. 29 and Sept. 11 minutes and an amendment to the Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual) to provide documentation standards for residential mortgage-backed securities (RMBS) and Re-REMIC securities. Having completed its charge, the Securitization Data Quality (E) Working Group was disbanded by the Task Force.

4. Voted to refer to the Financial Regulation Standards and Accreditation (F) Committee a technical document developed by the SVO providing guidance on how to refer to NAIC designations and related processes in state laws based on NAIC model laws. The document recommends textual changes that would align state law references to SVO processes with NAIC practices. The Committee has an informal process it could use to bring these types of issues before the states.

5. Heard a report from the ACLI and the SVO that the United Kingdom (UK) accounting standards have been modified. This will require an amendment to instructions in the P&P Manual that currently permit the use of UK national GAAP without reconciliation to U.S. GAAP. The SVO was asked to study the changes in the UK accounting standards and to make appropriate recommendations to the Task Force.

6. Adopted an amendment to the P&P Manual to modify a reference to Canadian GAAP to refer to Canadian Accounting Standard for Private Enterprises (Canada’s new accounting standard for private entities) and added French GAAP as a new national financial presentation standard in the definition of “audited financial statement” in the P&P Manual.

7. Adopted an amendment to the P&P Manual to make a single credit rating standard applicable to both domestic and foreign banks that apply to be listed on the NAIC Bank List as issuers of letters of credit for reinsurance purposes, and directed SVO staff to study the regulation of financial institutions other than banks to determine if the regulation was at least as experienced and well regulated as banks. The NAIC Bank List currently requires foreign banks to attain a higher “double A” credit rating (i.e., Aa/AA) while domestic banks must attain a “triple B” (i.e., Baa/BBB) credit rating.

8. Adopted an amendment to the P&P Manual to eliminate duplicate guidance from multiple sections relating to credit ratings eligible for use under the filing exempt rule and instructions for the application of that rule.

9. Heard a status report from NAIC staff on the progress of the 2014 year-end financial modeling of RMBS and commercial mortgage-backed securities (CMBS).

10. Heard a status report from NAIC staff on a project that identified discrepancies in the filing of securities that the SVO could not confirm with its data sources as being filing exempt but which have not been filed with the SVO. The SVO was asked to continue to work with industry representatives to identify ways to reduce exceptions from the NAIC Examination Jumpstart report.

11. Heard a report from the SVO that changes made by the U.S. Securities and Exchange Commission (SEC) to money market fund rules would not impact the NAIC U.S. Direct Obligations/Full Faith and Credit List but that the Class 1 List would be affected. Because the SEC allowed for a two-year transition/compliance period, the SVO expects these funds to drop off the Class 1 List as fund sponsors reorganize them to comply with the new regulations. Accordingly, the SVO recommended that the Task Force take no action at this time. The Task Force received the report and exposed it for a 60-day public comment period ending Jan. 16, 2015.

12. Heard a report from the SVO that the Financial Condition (E) Committee has requested that the Task Force review the Derivative Instruments Model Regulation (#282) against the NAIC’s model law criteria and recommend whether Model #282 should be retained, amended, converted to a guideline or archived. The SVO recommended that the Task Force study the derivatives market, instruments and regulation both as a way to consider whether adjustments to NAIC guidance on the use of derivatives by insurers is required and to formulate recommendations on the referral. The Task Force received the report and exposed it for a 90-day public comment period ending Feb. 15, 2015.

13. Heard a presentation from representatives of Nationwide proposing a review of the regulatory framework that applies to catastrophe-linked bonds. Nationwide opined that calculating RBC under the C1 (credit risk) factor of the RBC formula leads to a charge that is disproportionate to the risks of this asset class. Nationwide further suggested that this creates an unnecessary disincentive to life insurer ownership of catastrophe-linked bonds. Nationwide urged that catastrophe-linked bonds be recognized as insurance and that the NAIC calculate RBC on the basis of the C2 (insurance risk) factor of the
RBC formula. The Task Force received the report and exposed it for a 60-day public comment period ending Jan. 16, 2015.

FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE

Nov. 16, 2014
1. Adopted its Aug. 16 minutes.
2. Directed NAIC staff to draft new versions of the Part A and Part B preambles that would include in the scope of the Financial Regulation Standards and Accreditation Program captive insurers and special purpose vehicles (SPVs) that assume business written in accordance with the *Valuation of Life Insurance Policies Model Regulation* (#830) (commonly referred to as “Regulation XXX”); *Actuarial Guideline XXXVIII—The Application of the Valuation of Life Insurance Policies Model Regulation* (AG 38) (commonly referred to as “Regulation AXXX”), variable annuities valued under *Actuarial Guidelines XLIII—CARVM for Variable Annuities* (AG 43); and long-term care insurance valued under the *Health Insurance Reserves Model Regulation* (#10).
3. Heard a presentation on the overall accreditation program and process.
4. Received an update on the status of the states’ adoption of the 2010 revisions to Model #440 and Model #450.
5. Voted to expose for a 20-day public comment period ending Dec. 8 a referral from the Financial Analysis Handbook (E) Working Group that includes proposed revisions to the Review Team Guidelines that require an analyst to perform analysis procedures for those domestic insurers that cede to captive insurers or SPVs business written in accordance with Model #830 and AG 38.

INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE

Nov. 16, 2014
1. Adopted its Oct. 27 and Aug. 28 minutes.
3. Discussed activities of IAIS, including membership and process reforms and financial stability issues.

NAIC/CONSUMER LIAISON COMMITTEE

Nov. 17, 2014
1. Observed the presentation of the Excellence in Consumer Advocacy Award.
2. Heard an update on credit-related insurance.
3. Heard a presentation on the IAIS annual meeting.
4. Heard a presentation on natural disaster insurance coverage.
5. Heard a presentation on how to educate consumers to pick a legitimate contractor.
6. Heard an update on the 2015 health insurance rate review.
8. Heard a presentation introducing the Network Adequacy Report.

NAIC/AMERICAN INDIAN AND ALASKA NATIVE LIAISON COMMITTEE

Nov. 18, 2014
1. Adopted its Sept. 30 and Aug. 18 minutes.
2. Heard a presentation on federal involvement with American Indian tribes.
3. Heard a presentation on Alaska Natives.
4. Heard a presentation on American Indian tribes in Oklahoma.
5. Heard a presentation on American Indian tribes in Montana.
6. Heard a presentation on American Indian tribes in New Mexico.

NAIC/INDUSTRY LIAISON COMMITTEE

Nov. 18, 2014
1. Adopted its Aug. 17 minutes.
2. Discussed new Internal Revenue Service (IRS) rules regarding the tax treatment of annuities.
3. Discussed international issues.

NAIC/STATE GOVERNMENT LIAISON COMMITTEE

Nov. 16, 2014
1. Discussed amendments to Model #785.
2. Discussed PBR.
3. Discussed group supervision, specifically related to the Model #440 and Model #450.
4. Discussed international issues.
5. Discussed cybersecurity risk.
6. Adopted its Aug. 16 minutes.
The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

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