

STATEMENT REGARDING
Use of NAIC Designation Equivalent of NRSRO Sovereign Ratings
To Comply with the Disclosure Requirement of Appendix A-001

The NAIC SVO produces NAIC Designations for foreign countries solely as an internal analytical product to enable analysts to assign NAIC Designations to individual foreign bonds.¹ NAIC Designations for foreign bonds are derived by the SVO after careful consideration of research and analysis produced by a number of reliable sources, including research of NRSROs. The NAIC SVO internal list showing the NAIC Designation equivalents of NRSRO sovereign (foreign currency) ratings (the "List") is made publicly available solely to permit insurers to make required disclosure of foreign investment exposure pursuant to Appendix A-001 of the NAIC Accounting Practices and Procedures manual. Insurers shall not use this List for any other purpose. Insurers who own foreign bonds reportable on Schedule D are required to report those bonds to the SVO, unless the insurer determines the bonds meet the tests for provisional filing exemption described in Part Four, Section 1 (a) of the *Purposes and Procedures Manual of the NAIC Securities Valuation Office*.

According to the introduction to Appendix A-001, the disclosure it requires is not intended to preempt state authority and the financial information disclosed is intended solely for the use of state regulators for solvency analysis, and should not be used for any other purposes.

¹ For purposes of this statement, a foreign bond is defined as a bond issued by an entity that is domiciled in a foreign country, i.e., a country other than the United States.