The Governance Review (EX) Task Force met in Washington, DC, Nov. 18, 2014. The following Task Force members participated: John M. Huff, Chair (MO); James J. Donelon, Vice Chair (LA); Dave Jones (CA); Monica J. Lindeen (MT); Scott J. Kipper (NV); Wayne Goodwin (NC); Julie Mix MePeak (TN); Ted Nickel (WI); and Tom C. Hirsig (WY). Also participating were: Joseph Torti III (RI); and Julia Rathgeber (TX).

1. **Adopted its Aug. 18 Minutes**

   Commissioner Donelon made a motion, seconded by Commissioner Nickel, to adopt the Task Force’s Aug. 18 minutes (see *NAIC Proceedings – Summer 2014, Governance Review (EX) Task Force*). The motion passed.

2. **Adopted its 2015 Proposed Charges**

   Commissioner Kipper made a motion, seconded by Commissioner Donelon, to adopt the Task Force’s 2015 Proposed Charges (Attachment One). The motion passed.

3. **Received an Update on the Consultant Selection Process**

   Commissioner Nickel provided an update on the Executive (EX) Committee action related to the Task Force recommendation to retain a consultant. Commissioner Nickel noted that the NAIC issued a request for proposals and received responses from six firms. Those commissioners who met with the applicants recently completed phone interviews and expect to conduct in-person interviews with finalists in the coming weeks. Commissioner Nickel added that the group hopes to recommend a consultant to the Executive (EX) Committee by the end of the year.

4. **Received a Report on Administrative Due Process Issues**

   The Task Force received a presentation from NAIC staff on administrative due process used by certain working groups and task forces of the NAIC, particularly regarding those NAIC work products that are incorporated into state laws and/or regulatory practices without further action at the state level. Kay Noonan (NAIC) and John Bauer (NAIC) discussed administrative due process requirements related to NAIC annual and quarterly financial statements, the *Accounting Practices and Procedures Manual* and the *Valuation Manual*, and they outlined some of the differences among the processes applicable to each document.

   Director Huff said this may be an issue for additional discussion, but noted there may not be enough data for the Task Force to make a decision about how to proceed. Commissioner Rathgeber suggested that the development of guiding principles may be a logical approach. Commissioner Jones agreed with Director Huff that there may not be enough data, but added that, while conformity has its place, certain decisions may warrant less process than others. Commissioner Donelon asked Superintendent Torti for his views on changes and best practices related to financial regulatory processes. Superintendent Torti noted that he has not heard complaints from the industry about how statutory accounting principles and manuals are developed and updated. He added that these processes have evolved over time and seem to be working well. Commissioner Donelon expressed his interest in seeing how NAIC processes compare with a state’s administrative processes. Keith Bell (Travelers) agreed with Superintendent Torti, stating that the processes for updating the financial statement blanks and statutory accounting principles have allowed for flexibility where needed and have worked well over the years. Director Huff suggested that best practices and training may be the outcome to this process and directed NAIC staff to compile additional information on areas where NAIC work product is implemented without state action.

Having no further business, the Government Review (EX) Task Force adjourned.