



TO: Jim Mumford (IA)—Chair, Receivership and Insolvency (E) Task Force

FROM: Superintendent Joseph Torti III (RI)—Chair, Financial Condition (E) Committee

DATE: May 10, 2012

RE: E-Committee Responses/Requests regarding IRMA Section 711 Subgroup Recommendations

The Financial Condition (E) Committee met via conference call May 7, 2012, to consider the recommendations provided within the IRMA Section 711 Subgroup Report (attached). The purpose of this memorandum is to inform you of the actions taken by the Committee with respect to each of the recommendations, and to specifically request that the Receivership and Insolvency Task Force address the items referred for further consideration and/or development, as indicated below. Please contact me with any questions or if I can be of

2.

6. **Subgroup Recommendation 6: RITF Members to Serve as a Resource for Future Discussions of Related Regulatory Issues**^ó*The RITF members should serve as a resource and continue to contribute to joint discussions with other applicable Task Forces/Working Groups/Subgroups on the regulatory issues such as disclosure, circuit breakers, and ability to research should be made available to regulators to assess those issues. These future discussions could include for example: analysis of the need for further disclosures of QFCs and collateral in the Annual/Quarterly Financial Statement Blanks; assessment of the need for additional analysis and examination guidance to encourage monitoring of potential prospective risks that might occur related to QFC levels and collateral positions; and a study of RBC risk charges related to QFCs.*

E-Committee Response:

The Committee agrees with this recommendation and requests that the Task Force serve as a resource and continue to contribute to joint discussions with other applicable Task Forces/Working Groups/Subgroups on regulatory issues pertaining to IRMA Section 711. This includes addressing, developing or supporting related NAIC work streams as deemed appropriate.