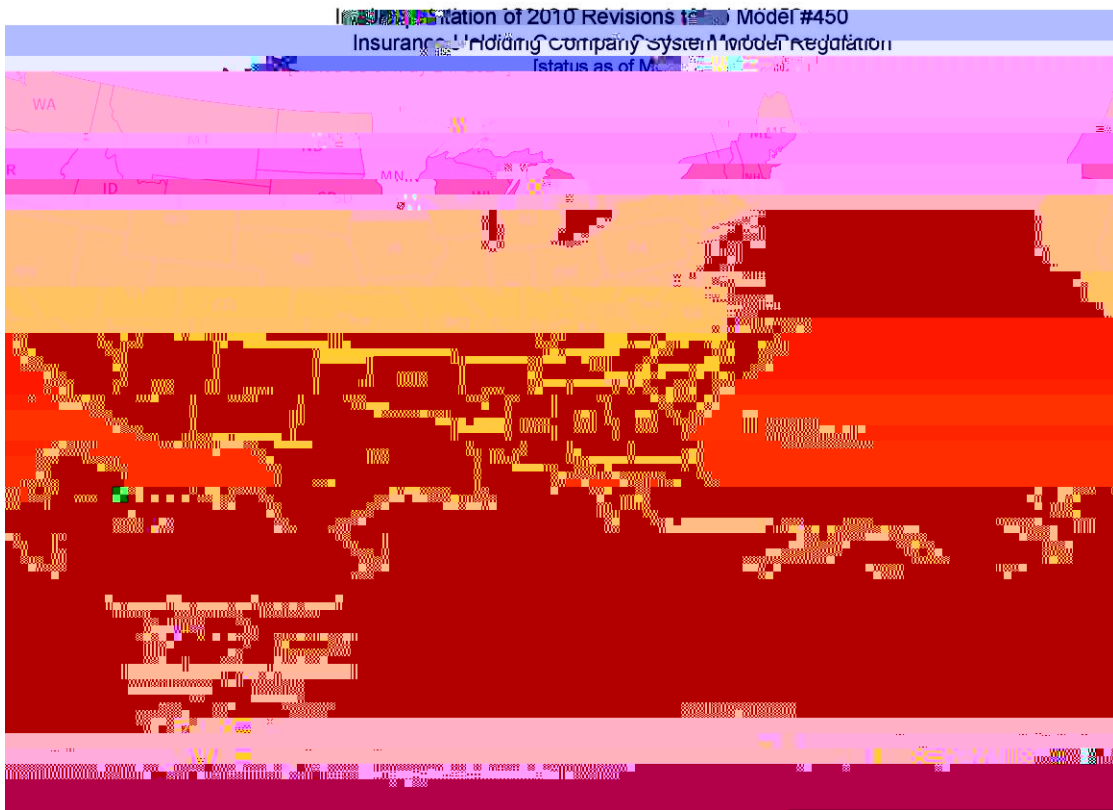
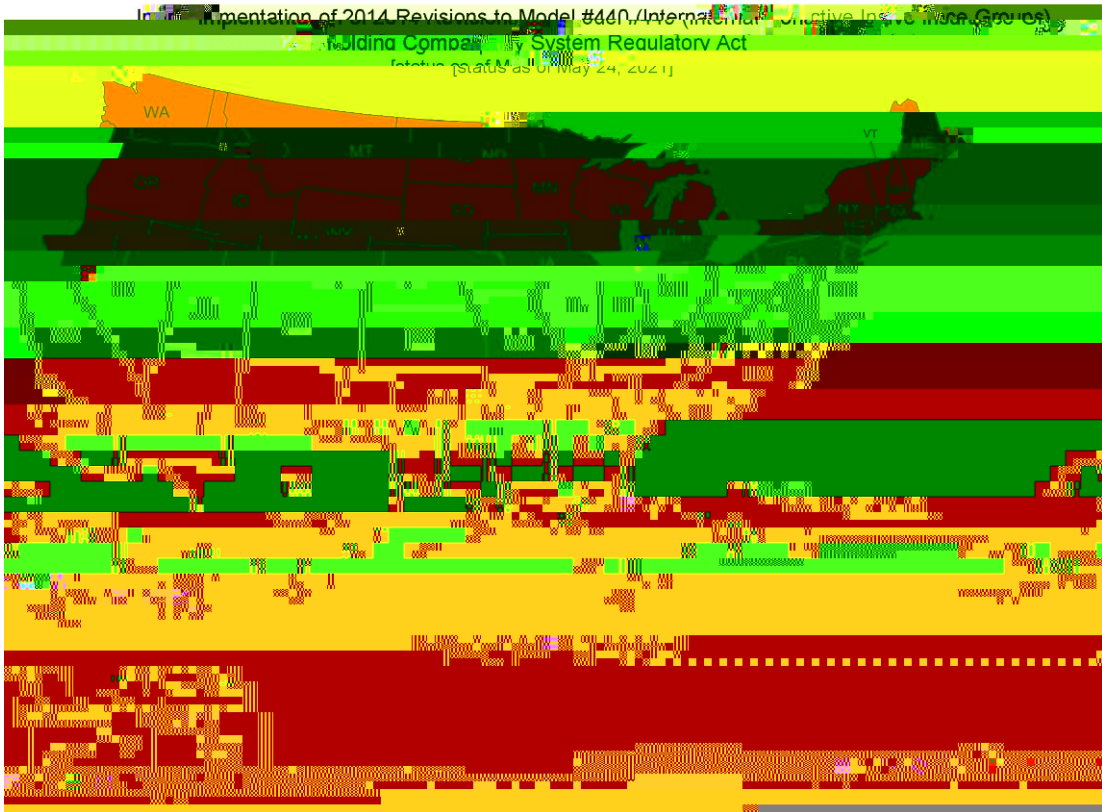


The NAIC's (440) and (450) have provided state insurance departments the framework for insurance group supervision since the early 1970s. Following the 2008 financial crisis, state regulators identified group supervision as an area where improvements could be made to the U.S. system. In December 2010, the NAIC adopted changes to the NAIC Holding Company Act and Regulation, enhancing the domestic legal structure under which holding companies are supervised. These changes are a required element of the NAIC Accreditation Program and have been adopted by all accredited U.S. jurisdictions.

However, after adopting changes to address domestic issues related to group supervision, questions remained regarding how to deal with some of these issues on the international front. Therefore, in December 2014, the NAIC membership adopted additional changes that clarify the legal authority and power of a state to act as a group-wide supervisor for internationally active insurance groups (IAIGs), as well as the authority for domestic regulators to cooperate in requiring certain action by the insurance holding company system (IHCS). Specific authority granted to group-wide supervisors through the amendments include the ability to request group level information, assess the enterprise risks affecting the group, compel the development and implementation of reasonable measures to recognize and mitigate enterprise risks, and communicate and share group-wide information with other regulators. States with U.S.-based insurance groups where that state would be considered the group-wide supervisor of an IAIG are expected to adopt the revised language. Other states should adopt this model because of its consideration of state regulatory cooperation to require certain action by the IHCS. Accordingly, these changes are also a required element of the NAIC Accreditation Program.



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