



**While this goal is largely accepted by all interested parties as being necessary, the details of various proposals and the processes by which they have been undertaken have received an immense amount of attention from industry, other supervisory stakeholders and special interest groups, with stark divides in approval or disapproval of various initiatives. The collective commentary has included a significant amount of constructive feedback and valid critique, but has also been marred by misconceptions and competitive dynamics.**

**Recent comments have referred to these projects as “piecemeal” and “disjointed” and recommended a pause to all such workstreams. Others have suggested that these efforts are motivated by objectives other than enhancing regulators’ ability to protect policyholders. In reality, what is being observed is the natural strain that results from solving complex problems through open and democratic processes. A number of **compounding** factors contribute towards making these projects particularly challenging endeavors.**

**(1)**

- (5) **Limited resources** – just as the regulatory framework is a balance between being too broad and too detailed, so too is the use of regulatory resources a balance between impartiality and practicality. State regulators have at their disposal a valuable resource in the NAIC, and SVO specifically. However, these resources are not unlimited. There should be a deliberate evaluation of the best use of these limited resources. State regulators should not develop frameworks that prioritize using such resources in reperforming functions that can otherwise be satisfied using available market mechanisms, leaving no capacity for more impactful and macro level risk assessment and analysis.

## **Purpose**

While much of the characterization of these ongoing projects in the broader commentary is misplaced, it is prudent to reflect periodically on a holistic basis over the course of a complex project to evaluate potential areas for process improvement to the overall regulatory framework. The intent of this memo is to highlight areas that regulators have identified where the insurance regulatory framework for investments could be enhanced based on reflections on the past several years of work on these issues, as well as comments on individual current initiatives and how they could be improved upon by addressing certain of the challenges described above. This memo is not directly responsive to any particular feedback from stakeholders, but draws upon the experience of regulators involved in these workstreams, as well as comment letters written on current proposals, stakeholder communications not directly related to working group exposures, and ongoing conversations among regulators and stakeholders.

## **Proposed Regulatory Enhancements**

**The goal of the Framework and its proposed enhancements is to set a long term, strategic direction for investment regulation and ensure current and future initiatives are thoughtfully coordinated and supportive of this holistic direction. A work plan will be utilized to further consider such proposed**



**Reduce the size**

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**while similar asset classes may remain unchanged. Factors to consider may include impacts to asset allocation and financial markets, in balance with the level of urgency of regulatory action.**

**(2) The RBC-IRE Working Group should consider and address areas where inconsistencies in**