



MEMORANDUM

TO: Commissioner Todd Kiser, Chair, Financial Regulation Standards and Accreditation Committee

The Risk-Focused Surveillance Working Group began work on a project to review regulator resources and review salary recommendations for financial regulators. After reviewing job requirements for financial regulators conducting risk-focused surveillance, completing a detailed salary survey of 40+ states and comparing the results against other similar regulatory and industry positions, the Working Group developed new salary range recommendations and supporting guidance for financial analyst and examiner compensation.

Consider recommendations to the Financial Regulation Standards and Accreditation (F) Committee for the purpose of evaluating the suitability of insurance department staffing in relation to the necessary skillsets.

In fulfillment of this charge, the Working Group is referring proposed revisions to Part C: Organizational and Personnel Practices, as well as the Self-Evaluation Guide/Interim Annual Review Form of the NAIC's Accreditation Program Manual to the Committee for consideration of adoption. We recognize that Part C is reviewed by the accreditation team members but is not included in the Recommendation A or B and therefore does not impact a state's accredited status. Because of this assessment structure and because Part C already includes questions related to competitive pay structures, we feel it is a logical place to reference the updated salary ranges being incorporated into NAIC handbook. In addition, we believe the proposed questions in the Self-Evaluation Guide/Interim Annual Review Form related to whether the state is paying below the recommended salary ranges would provide beneficial information to the accreditation team and the Committee. Therefore, we request that you consider adoption of the proposed additions/revisions to the Accreditation Program Manual in tracked change format in Attachment A.

If there are any questions regarding the proposed revisions, please contact me or NAIC staff (Bruce Jenson at bjenson@naic.org) for clarification. Thank you for your consideration of this referral.

Attachment A – Proposed Revisions to the Accreditation Program Manual

Part C: Organizational and Personnel Practices

a. Professional Development

Standard: The department should recognize and provide necessary training needs for staff involved with financial surveillance and regulation. The department should also have a policy that encourages professional development through job-related college courses, professional programs and/or other training programs.

Results-Oriented Guidelines:

1. The department should have the ability to provide adequate training for staff involved in financial surveillance and regulation commensurate with the needs of the department. When assessing compliance with this guideline, consideration should be given to the following:
 - The department's recognition of when financial surveillance personnel may require additional training.
 - Whether appropriate training is provided.
 - The effectiveness of training programs, including how the department assesses effectiveness.
 - The use of on-the-job training.
 - Sufficiency of budgeted hours and finances to support training needs of the department.

Process-Oriented Guidelines:

1. The department should have a policy that focuses on training and developing staff involved with financial surveillance and regulation—in particular, staff that is new to financial surveillance and regulation.
2. The department should have a continuing education policy that encourages professional development in place for staff involved with financial surveillance and regulation.

b. Minimum Educational and Experience Requirements

Standard: The department should establish minimum educational and experience requirements for all professional employees and contractual staff positions in the financial regulation and surveillance area, which are commensurate with the duties and responsibilities of the position.

Results-Oriented Guidelines:

1. Financial surveillance staff should have the ability to perform the necessary duties and responsibilities, as well as meet the minimum educational and experience requirements commensurate with each position's role in financial surveillance.

Process-Oriented Guidelines:

1. The department should have a process in place to consider qualifications, training and professional development of contractors performing financial surveillance and regulation activities.
2. The department should have the authority to terminate a contract for services related to financial surveillance and regulation on the basis of poor performance.

Related Self-Evaluation Guide/Interim Annual Review Form

c) Retention of Personnel

The department should have the ability to attract and retain qualified personnel for those positions involved with financial surveillance and regulation.

YES

NO

- 1.

Examiner-In-Charge (EIC)/Supervisor/Assistant Chief Examiner?

Chief Examiner?

32. In a separate attachment, identify how the department determines that pay structures are or are not competitive. Discuss the conclusion and any compensating factors or future plans in place i-7.7 (8fd)23.5 (13[Qg /TT0

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