

**Solvency Modernization Initiative  
ROADMAP**

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1. The Solvency Modernization Initiative (SMI) is a critical self-

## SMI Roadmap

3. This Roadmap sets out the policy direction and priorities for SMI activities and seeks to clarify the role and scope of various task forces' and working groups' SMI activities through year-end 2013.<sup>1</sup>
4. Key completed activities within the SMI include the following:
  - NAIC adoption of revised group supervision: Insurance Holding Company System Regulatory Act (Model #440) and the Insurance Holding Company System Model Regulation with Reporting Forms and Instructions (Model #450).
  - NAIC adoption of the *Own Risk and Solvency Assessment (ORSA) Guidance Manual*.
  - Increased scheduling of supervisory colleges and implementation of supervisory colleges' tracking documentation.
  - NAIC adoption of the *Existing U.S. Corporate Governance Requirements*.
  - NAIC adoption of the Standard Valuation Law (Model #820)



**August 31, 2012**

21. After summarizing the existing corporate governance requirements, the Working Group performed a comparative analysis between the existing U.S. requirements and regulatory needs, best practices and principles outlined within the IAIS' Insurance Core Principles. The results of this comparative anal



33. To utilize principle-based reserving, statistical agent(s) will need to provide regulators and the industry with statistical information. We expect to determine how to collect such information in the second half of 2012.

34. The following identifies the timeline of activities for life insurance principle-based reserving:

- Industry Study Completed:

**August 31, 2012**



- Form a new NAIC group to provide advisory support and assistance to the states in the review of reinsurance collateral reduction applications: 2012
- Re-exam the collateral amounts included in the revised Model #785 and #786: November 2013

48. Reinsurance modernization issues are currently under consideration in the Reinsurance (E) Task Force.

#### **SMI Task Force**

49. The SMI (E) Task Force coordinates all NAIC efforts to successfully accomplish the SMI, utilizing the technical expertise of numerous NAIC groups. The Task Force recognizes the interplay of SMI issues and the interrelationships of activities in different NAIC groups. The Task Force will monitor the evolving proposals to ensure that work is coordinated and does not overlap.

#### **Future U.S. Insurance Financial Solvency Framework and Core Principles**

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