

Executive (EX) Committee and Plenary, Nov. 19, 2024, Minutes

Adopted the 2025 Generally Recognized Expense Table (GRET) (Attachment One)

Adopted a P&P Manual Amendment Authorizing State Insurance Regulator Discretion over NAIC Designations Assigned through the FE Process (Attachment Two)

Report on States' Implementation of NAIC-Adopted Model Laws and Regulations (Attachment Three)

Draft Pending Adoption

Draft Pending Adoption

Draft Pending Adoption

Draft Pending Adoption

Draft Pending Adoption

Draft Pending Adoption

categorization (see below), values for the "other" category are given in the tables in this memo. It was also included to indicate how many life insur



Amendments Adopted by:

The Executive (EX) Committee and Plenary, Nov. 19, 2024

The Valuation of Securities (E) Task Force, Aug. 13, 2024

curities Valuation Office (SVO)

Eric Kolchinsky, Director, NAIC Structured Securities Group (SSG) and Capital

RE: Revised Amendment to the *Purposes and Procedures Manual of the NAIC Investment Office*



The policies below provide the policy framework for “Procedure Applicable to Filing Exempt (FE) Securities and Private Letter (PL) Rating Securities” in Part Three and are related to “The Use of Credit Ratings of NRSROs in NAIC Processes” discussed above; “NAIC Policy on the Use of Credit Ratings of NRSROs” and the “Drafting Rating

ame5Reatsethul(2)(1)F0e)24(1)1.9)-10(20)(24)-2(usse)Ratting(1)50.4(1a)-n)Crediti(1)4p(1)-20)-uab.

In furtherance of the above directives, exclude specific otherwise Eligible NAIC

164. This section outlines the process by which a state insurance regulator or IAO staff can contest an NAIC Designation Category assigned through the filing exemption process which it thinks is not a reasonable assessment of investment risk of the security for regulatory purposes. The process in this section will be consistently applied to all CRPs, without favor to any individual CRP or class of CRPs, and is not expected to be used often. For purposes of this section, the term “authorized insurers” is defined as: Holders of the affected securities that agree to the confidentiality provisions required by the NAIC.

165. The IAO staff will bring to the attention of the Credit Committee any filing exemption-eligible security assigned an NAIC Designation Category equivalent through the automated filing exemption process as being a security under review if (i) a state insurance regulator notifies the IAO staff that it has determined the NAIC Designation Category equivalent may not be a reasonable assessment of investment risk of the security for regulatory purposes, or (ii) the IAO staff, in its opinion, determines that the NAIC Designation Category equivalent may not be a reasonable assessment of investment risk of the security for regulatory purposes. State insurance regulator notification pursuant to this section does not negate the authority of state insurance regulators under “States May Require a Filing of Exempt or Other Transactions” in Part One of this Manual.

166. The Credit Committee will convene to determine if, in its opinion, the NAIC

-
172. The Credit Committee shall schedule a call with a VOS/TF Sub-Group (the composition of which shall be determined by the VOS/TF chair) to discuss and explain its analytical basis for any Eligible NAIC CRP Credit Rating being recommended for removal from Filing Exemption eligibility. The Credit Committee will use communication processes that maintain confidentiality and ~~notify~~ invite the domiciliary regulators of insurer holders of the security ~~of to participate in~~ the Sub-group meeting.
173. If the Credit Committee identifies that there is a recurring analytical pattern or concern, the IAO Director(s) will inform the VOS/TF chair and they will decide if an issue paper, referral, amendment to this Manual or some other action is needed to be introduced into Task Force proceedings and deliberation.
174. Insurance company staff, and other parties invited by the insurer, that are authorized to discuss the security and who have agreed to confidentiality provisions required by the NAIC, may present their analytical basis to maintain the Eligible NAIC CRP Credit Rating's eligibility for Filing Exemption to the ~~joint~~ meeting of the VOS/TF Sub-group and the Credit Committee. Prior to inviting insurers to discuss the security and CRP ratings in question, the IAO shall communicate in writing what it believes the NAIC Designation Category to be, citing the main considerations that form the basis of the IAO's proposed NAIC Designation Category. Any materials shared during or in advance of this meeting with the VOS/TF Sub-group and Credit Committee are considered highly confidential and may not be shared beyond those participants at the meeting that have been identified as having been authorized to receive such materials and have agreed to maintain their confidentiality.
175. At any time, the VOS/TF chair may direct the VOS/TF to review the described process to ensure it remains effective and efficient and to recommend revisions to any components.
-
176. If the VOS/TF Sub-group disagrees with the Credit Committees' NAIC Designation Category opinion and determines that the NAIC Designation Category assigned pursuant to the Filing Exemption process *does not* meet the Materiality Threshold, the Eligible NAIC CRP Credit Rating shall remain eligible for Filing Exemption, the SVO Analytical Department Symbol "UR" will be deactivated, and no further action will be taken at that time. This determination shall not preclude the IAO from placing the same Eligible NAIC CRP Credit Rating under analytic review at a later date following a subsequent review should changing conditions warrant.



Date: 11/15/24

State Implementation Reporting of NAIC-Adopted Model Laws and Regulations
As of November 14, 2024

Executive (EX) Committee

- Amendments to the _____ **(#880)**—The Executive (EX) Committee and Plenary adopted these revisions at the 2024 Spring National Meeting. NAIC staff are not aware of adoption by any jurisdiction.

Property and Casualty Insurance (C) Committee

- Adoption of the _____ **(#633)**—The Executive (EX) Committee and Plenary adopted Model #633 at the 2022 Summer National Meeting. Eleven jurisdictions have adopted this model.
-