

RFP #2097 Credit Rating Provider Due Diligence Questions

		<p>There have been no specific events or developments prompting this RFP beyond the context provided in the RFP document.</p>
2.	<p>Will the initial due diligence process on each CRP be conducted by the selected service provider, or is it expected to be undertaken by the NAIC?</p>	<p>The first deliverable includes recommendations and considerations on how to accomplish this. The NAIC will require each CRP to determine an NAIC Designation. The service provider may recommend a holistic approach or a segmented approach across asset classes, presuming all ratings</p>
		<p>translating into the NAIC's measure of investment risk (i.e., NAIC Designations).</p>
6.	<p>Does the NAIC envision they would have the ability to automatically rate any security as a challenger approach to Credit Rating Provider?</p>	<p>No, this is neither part of the proposal nor does the NAIC believe it has adequate resources to do this.</p>
7.	<p>Would the NAIC benefit from tools that rate securities under simulated extreme market conditions as well as testing the impact of said condition on CRP ratings and mappings in real-time?</p>	<p>The purpose of this RFP is to evaluate the CRPs that the NAIC currently relies upon though</p>

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8.	To what extent does the on-going monitoring of CRP ratings and mapping fall on the CRP to submit periodic monitoring reports to the NAIC vs NAIC's independent on-going monitoring and validation?	Current requirements already fall onto the CRP ratings to monitor their ratings and the NAIC receives feeds of all such data. The NAIC does not currently receive any reports from CRPs assessing the mapping of their ratings to NAIC Designations or reports on the performance of their ratings. The recommendation may include required reporting from the CRP; however, we also request that data required rely as much as possible on existing reporting streams (even if currently used for other purposes) rather than creating an entirely new dataset to mitigate the potential data burden on CRPs.
9.	In rare instances, does the NAIC envision having the ability to override CRP ratings in extreme instances that the CRP appears to significantly understate the risk of a given instrument?	Yes, this was a recent change to the regulators' requirements that will allow t a

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17. Will relevant NAIC and CRP data and rating criteria