

National Association of Insurance Commissioners (NAIC) Summer 2025 Meeting Summary

The National Association of Insurance Commissioners (NAIC) recently held its Summer National Meeting virtually and in person in Minneapolis, MN. This summary highlights issues that various NAIC groups addressed at the recent meeting.

For more information, please contact Attorneys Zach Steadman: (501) 688-8892, zsteadman@mwlaw.com, Shadai Walker: (501) 688-8803, swalker@mwlaw.com, Drew Allen: (501) 688-8813, dallen@mwlaw.com or Rustin Gaines: (501) 688-8829, rgaines@mwlaw.com.

What You Need to Know:

- The Risk-Based Capital Model Governance (EX) Task Force discussed and heard comments related to the proposed preliminary Risk-Based Capital (RBC) principles and questions;
- The Financial Condition (E) Committee appointed the Reciprocal Exchanges (E) Working Group and adopted a request to make changes to *Insurance Holding Company System Regulatory Act* and/or *Insurance Holding Company System Model Regulation* related to fair and reasonable standards related to reciprocal exchange transactions;
- The Homeowners Market Data Call (C) Task Force discussed proposed changes to the homeowners data call templates and definitions;
- The Health Insurance and Managed Care (B) Committee adopted the Long-Term Care Insurance Multistate Rate Review Framework;
- The Executive (EX) Committee and Plenary adopted *Actuarial Guideline LV- Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties*

Table of Contents

Joint Meeting of the Executive (EX) Committee and Plenary.....	3
Executive (EX) Committee.....	5
Risk-Based Capital Model Governance (EX) Task Force.....	7
Climate and Resiliency (EX) Task Force	10
Life Insurance and Annuities (A) Committee.....	11
Health Insurance and Managed Care (B) Committee.....	13
Regulatory Framework (B) Task Force	17
Prescription Drug Coverage (B) Working Group.....	20
Property and Casualty Insurance (C) Committee.....	21
Homeowners Market Data Call (C) Task Force.....	24
Market Regulation and Consumer Affairs (D) Committee.....	26
Pharmacy Benefit Management (D) Working Group.....	29
Financial Condition (E) Committee	31
Accounting Practices and Procedures (E) Task Force.....	34
Valuation of Securities (E) Task Force.....	41
Financial Stability (E) Task Force.....	44
Reinsurance (E) Task Force.....	47
Capital Adequacy (E) Task Force.....	51
International Insurance Relations (G) Committee.....	54
Innovation, Cybersecurity and Technology (H) Committee.....	56
Big Data and Artificial Intelligence (H) Working Group.....	59
Cybersecurity (H) Working Group.....	61
Third-Party Data and Models (H) Working Group.....	63

Joint Meeting of the Executive (EX) Committee and Plenary

The Executive (EX) Committee and Plenary met jointly on August 13, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Receive the August 12 Report of the Executive (EX) Committee

The Committee received the August 12 report of the Executive (EX) Committee.

Adoption of the 2025 Spring National Meeting Minutes

The 2025 Spring National Meeting Minutes were adopted.

Receive Task Force Reports

The following Committee reports were received:

- A. *Life Insurance and Annuities (A) Committee*
- B. *Health Insurance and Managed Care (B) Committee*
- C. *Property and Casualty Insurance (C) Committee*
- D. *Market Regulation and Consumer Affairs (D) Committee*
- E. *Financial Condition (E) Committee*
- F. *Financial Regulation Standards and Accreditation (F) Committee*
- G. *International Insurance Relations (G) Committee*
- H. *Innovation, Cybersecurity, and Technology (H) Committee*
- I. *State Implementation of NAIC-Adopted Model Laws and Regulations*

Adoption of Amendments to the 2026 Valuation Manual

Director Judith L. French (OH) presented the proposed amendments to the 2026 Valuation Manual, explaining that the changes include technical updates, clarifications, and revisions intended to improve consistency in reserve requirements and align the manual with recent changes to NAIC model laws and actuarial guidelines. She noted that the Life Actuarial (A) Task Force thoroughly reviewed the updates, and the amendments had been previously exposed for public comment before finalization. The Committee adopted the amendments as presented.

Adoption of Actuarial Guideline LV - Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties (AG 55)

Director Judith L. French (OH) introduced Actuarial Guideline LV (AG 55), which provides guidance on applying the Valuation Manual to test the adequacy of reserves for certain life reinsurance treaties. She explained that the guideline clarifies expectations for reserve testing, promotes consistency among insurers, and addresses emerging issues related to reinsurance structures. The proposal had been reviewed and exposed for comment by the Life Actuarial (A) Task Force before finalization. The Committee adopted AG 55 as presented.

Adopted the NAIC Catastrophe Modeling Primer

Commissioner Michael Yaworsky (FL) presented the NAIC Catastrophe Modeling Primer, explaining that the document is designed to assist regulators in understanding how catastrophe models are used to evaluate insurance risk, rate filings, and exposure to natural disasters. The primer provides an overview of modeling methodologies, data inputs, assumptions, and limitations, as well as considerations for regulatory review and oversight. It is intended to promote consistency among states when assessing insurers' use of models in rate-setting and risk management. Following the presentation, the Committee adopted the NAIC Catastrophe Modeling Primer.

Executive (EX) Committee

The Executive (EX) Committee met August 12, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of the Aug. 10 Report of the Executive (EX) Committee and Internal Administration (EX1) Subcommittee

The Committee adopted the report of the joint Aug. 10 meeting of the Executive (EX) Committee and Internal Administration (EX1) Subcommittee, which was held in a regulator-to-regulator session pursuant to paragraph 4 of the NAIC Policy Statement on Open Meetings. During this meeting, the Committee and Subcommittee:

1. Adopted the minutes of the Spring National Meeting.
2. Adopted June 24 minutes.
3. Adopted the Executive (EX) Committee's May 5 minutes, during which the Committee approved the fiscal impact statement to retain a risk-based capital (RBC) model governance consultant.
4. Adopted the report of the Audit Committee, including its July 31 and May 12 minutes, during which the Committee:
 - a. Received the June 30 financial update.
 - b. Heard an overview of proposed 2026 revenues.
5. Reappointed Rubin Brown as the financial audit firm to conduct the 2025 audit.
6. Affirmed the 2026 Audit Committee charter.
7. Heard an update on zone financials.
8. Heard an update on the Enterprise Resource Planning (ERP) project.
9. Heard an update on the 2026 budget calendar.
10. Received the 2024/2025 Service Organization Control (SOC) 1 and SOC 2 audit reports.
11. Heard a presentation on the 2025 operating reserve analysis.
12. Adopted the report of the Internal Administration (EX1) Subcommittee, including its June 3 minutes, during which the Subcommittee:
 - a. Received the March 31 Long-Term Investment Portfolio report.
 - b. Received the March 31 Defined Benefit Portfolio report.
 - c. Approved the investment policy statement (IPS) for the Long-Term Funds Portfolio.
 - d. Approved the IPS for the defined contribution plan.
 - e. Heard an update on the termination of the Defined Benefit Pension Plan.
13. Heard an update on the Financial Data Repository (FDR) re-engineering project.

The Committee adopted its June 24 and May 5 meeting reports. During these meetings, the Committee took the following action:

1. Received a 2025 financial update and an overview of the proposed 2026 budget.

2. Received an update on the Center for Insurance Policy and Research (CIPR) Advisory Council and the Consumer Participation Board of Trustees.
3. Received an update from the NAIC's chief information security officer.
4. Received an update on the work of its task forces.
5. Approved the fiscal impact statement to retain a risk-based capital (RBC) model governance consultant.

Adoption of Task Force Reports

The Committee adopted the reports of the following groups:

1. Climate and Resiliency (EX) Task Force
2. Government Relations (EX) Leadership Council
3. Risk-Based Capital Model Governance (EX) Task Force

Status Report on Model Law Development Efforts

Commissioner Jon Godfread (ND) delivered the status report on model law development efforts. The report included an update on amendments under consideration to the Privacy of Consumer Financial and Health Information Regulation (#672). The Committee received the report, and no further action was required.

Report from the National Insurance Producer Registry (NIPR) Board of Directors

Director Larry D. Deiter (SD), President of the National Insurance Producer Registry (NIPR) Board of Directors, gave the oral report. He said that NIPR's revenue for the first half of 2025 came in above budget at \$45.7 million, compared to \$44.3 million in expenses. He highlighted ongoing work to improve producer licensing efficiency, including the launch of a redesigned NIPR.com website to make applications easier to navigate. Director Deiter also reported on the completion of NIPR's second zone-based producer licensing training, held in June in Chicago with participation from 13 Midwestern states. The training covered best practices, regulatory changes, and other current issues.

Oral Report from the Interstate Insurance Product Regulation

Director Eric Dunning (NE), chair of the Interstate Insurance Product Regulation Commission (Compact), gave the report. The Compact adopted six new uniform standards for existing product lines and agreed to expose an amendment to its Rulemaking Manual to allow for expedited adoption of noncontroversial items. The Commission's Insurance Services Committee is preparing to pilot a new advisory services office, designed to help states and companies collaborate on products within the Compact's authority but outside the current scope of its standards. Director Dunning also noted that the Compact is performing well financially, reporting 99% of its budgeted revenue and 21% under budgeted expenses.

Risk-Based Capital Model Governance (EX) Task Force

The Risk-Based Capital Model Governance (EX) Task Force met on August 13, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of its Spring National Meeting Minutes

The 2025 Spring National Meeting Minutes were adopted.

Received Comments on Preliminary Principles and Responses to Questions

Commissioner Nathan Houdek (WI) opened the discussion by explaining the purpose of the meeting and the importance of developing guiding principles for the Risk-Based Capital (RBC) framework. He said the goal is to create a consistent foundation for future updates to RBC formulas through a transparent and collaborative process while preserving RBC's primary role as a regulatory solvency tool. Commissioner Nathan Houdek (WI) noted that the preliminary principles were released early to gather broad feedback before finalizing them.

Commissioner Nathan Houdek (WI) introduced Bridgeway Analytics, which was engaged to help the Task Force by reviewing comments, leading technical discussions, and providing recommendations for a governance framework. Bridgeway explained that the July 3rd exposure draft included preliminary guiding principles and questions to gather feedback from regulators and industry.

Bridgeway reported broad agreement on the RBC's core purpose, which is to identify potentially undercapitalized insurers and give regulators the authority to act. However, there were significant differences of opinion in several areas. One major debate was whether RBC should focus only on solvency or also consider secondary objectives such as consumer needs, product availability, and competitiveness. About 60 percent of commenters were opposed to including these considerations, saying they could distract from RBC's purpose and create subjectivity, while others supported recognizing broader impacts on consumers and markets.

Bridgeway also highlighted disagreement over using RBC ratios beyond regulatory triggers. Some commenters, including rating agencies, said ratios should reflect financial strength and allow comparisons across insurers. Others said RBC is intended as a minimum capital threshold, not a broader performance measure, and warned that expanding its role could create volatility.

Finally, Bridgeway noted differing views on governance. Some regulators supported a stronger framework to improve consistency, documentation, and treatment of similar risks, while others cautioned that overly complex standards would add costs without improving oversight. Bridgeway concluded by saying the Task Force will continue working with regulators and stakeholders and plans to issue a revised exposure draft in the coming weeks.

Summary of other Comments on Preliminary Principles and Responses to Questions

- **Representative from Washington DOI:** Opposed referencing product availability suggested replacing “global competitiveness” with “global recognition,” and recommended adding “whenever possible” when requiring consistency with statutory accounting. Also urged reviewing how emerging risks are already treated in the formula.
- **Representative from Virginia DOI:** Stated the draft was too detailed and should focus on high-level principles. Also, stated that RBC’s sole purpose is to identify weakly capitalized insurers and opposed adding secondary considerations like product availability, saying they conflict with equal capital for equal risk.
- **Representative from Connecticut DOI:** Supported Virginia’s position and called for a gap analysis focused on affiliated and offshore reinsurance, citing transparency concerns with intercompany transactions.
- **Reinsurance Association of America (RAA):** Stated RBC should remain a minimum capital adequacy tool and opposed expanding its purpose to address product availability or competitiveness. Supported proportional governance and warned against making RBC function like an economic capital model.
- **Transamerica:** Recommended acknowledging non-regulatory stakeholders who use RBC, reassessing RBC’s close link to statutory accounting, and improving documentation of methodologies and historical assumptions.
- **American Council of Life Insurers (ACLI):** Supported finalizing consistent guiding principles before technical changes. Said RBC must remain risk-based but should balance protecting policyholders with maintaining access to long-term products.
- **MetLife:** Stated RBC’s role is to identify weakly capitalized companies and opposed including product availability in the principles. Clarified that equal capital for equal risk should focus on tail risk rather than credit ratings or expected losses.
- **Risk & Regulatory Consulting (RRC):** Agreed RBC should remain a regulatory tool and supports consistent treatment of risk. Recommended incorporating tail-risk considerations and using averages to assess extreme losses.
- **American Academy of Actuaries:** Supported a transparent, balanced revision process and recommended using Actuarial Standard of Practice No. 56 for consistent modeling while balancing solvency protection with affordability.
- **Athene:** Urged preserving the U.S. system’s balance between solvency protection and capital availability, warning against overly restrictive approaches like Solvency II, which reduced long-term product availability in Europe.
- **American Property Casualty Insurance Association (APCIA):** Highlighted differences across the three RBC formulas and cautioned against applying life-driven investment standards to P&C carriers, saying uniform calibrations could create inefficiencies.
- **National Association of Mutual Insurance Companies (NAMIC):** Supported RAA and APCIA positions, questioned whether the principles document RBC’s current role or propose changes, and opposed including product availability or competitiveness in solvency tools.

- **UnitedHealth Group:** Stated the preliminary principles were reasonable but stressed the importance of implementation details and supported objective, data-driven risk evaluation with periodic reviews of formula performance.
- **Alternative Credit Council (ACC):** Urged treating similar assets consistently regardless of legal structure unless data supports otherwise and warned that overly conservative assumptions could reduce product availability.
- **Peter Gould:** Advocated for greater transparency in RBC methodologies and assumptions, suggested a public database of capital data and exposures, and raised concerns about offshore transactions and reinsurance transfers.

Climate & Resiliency (EX) Task Force

The Climate and Resiliency (EX) Task Force met on August 11, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of Spring National Meeting Minutes

The Task Force adopted the minutes of its March 26, 2025, Spring National Meeting.

Update on the Disaster Preparedness Handbook

Commissioner Ricardo Lara (CA) and Commissioner Timothy Temple (LA) reported that the drafting group, formed after the Spring National Meeting and comprised of regulators from 11 states, has met several times to develop the Disaster Preparedness Handbook. The handbook will include pre-disaster education, state insurance regulatory responses, post-disaster after-action reports, common public inquiries, and state-specific case studies. Drafting group discussions have included lessons learned from recent hurricanes and wildfires, as well as approaches to public outreach, communications, and mitigation programs. A full draft is expected to be completed by the Fall National Meeting.

Presentation from Ceres on the Climate Risk Disclosure Survey Dashboard

Steven Rothstein (Ceres) presented the Climate Risk Disclosure Survey Dashboard and gave an update on insurer reporting under the NAIC's climate disclosure framework based on the Task Force on Climate-related Financial Disclosures (TCFD) standard. He reported that the framework has been adopted by 29 states plus the District of Columbia, covering about 1,700 insurers, or roughly 85% of the U.S. market. Most insurers are providing information on governance, strategy, and risk management, but fewer than one-third are reporting quantitative metrics and targets.

Rothstein noted that Ceres will soon release a report focused on metrics and targets, which will highlight examples of good practices and encourage insurers to set clear goals and create transition plans. He explained that such plans help insurers prepare for future risks and opportunities. Ceres uses a machine learning firm to review and summarize the large volume of public filings each year and makes the results available through the interactive dashboard. He encouraged regulators to use the dashboard and other free training resources offered by Ceres and NAIC.

Life Insurance and Annuities (A) Committee

The Life Insurance and Annuities (A) Committee met on August 12, 2025. The agenda can be found [here](#), and the meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of Minutes

The Committee adopted its July 14th minutes.

Adoption of the Report of the Life Actuarial (A) Task Force

The Committee adopted the report of the Life Actuarial (A) Task Force without comments. Rachel Hemphill highlighted several actions taken by the Task Force. The Task Force discussed comments received on the potential retrospective application of VM22. The Task Force also discussed the Model Governance Framework for the Economic Scenario Generator. The Task Force also discussed comments received on the exposed targeted revisions to the “additional disclosures” section of Actuarial Guideline 49A.

Update on the Annuity Suitability (A) Working Group

Commissioner Doug Ommen (IA) delivered an update on the Annuity Suitability (A) Working Group. The Working Group exposed a second draft of the Safe Harbor Guidance Document on August 7, 2025. The Working Group is requesting comments on or before September 22, 2025. The Working Group anticipates scheduling a Working Group call to discuss any comments after the September 22 deadline. The Working Group is delivering on one of its (A) Committee priorities with the Annuity Best Interests Training on September 17, 2025, in Kansas City at the Insurance Summit. The training will include three morning sessions on annuities, Model Law 275, and producer training. The afternoon session includes practical deposition skills training for attorneys and investigators.

Update on the Center for Insurance Policy and Research/Society of Actuaries Project on the Use of Criminal History in Life Insurance Underwriting

Kelly Edmiston (CIPR) gave an update on the Center for Insurance Policy and Research/Society of Actuaries Project on the Use of Criminal History in Life Insurance Underwriting. Currently, the project’s focus is the role of criminal history and incarceration on mortality. CIPR and SOA are working to incentivize participation in their survey regarding the use of criminal history in underwriting.

Presentation on Fair Access to Life Insurance for Individuals Living with HIV/Aids

Jonah von der Embse and Craig Chu from the Sexuality and Gender Alliance of Actuaries (SAGAA) delivered a presentation on fair access to life insurance for individuals living with HIV/AIDS. The presentation discussed how advances in medical treatment have transformed HIV/AIDS from a death sentence to a chronic condition that can be treated and managed. According to Embse and Chu, even though the mortality rate for individuals with HIV/AIDS is decreasing, individuals with HIV/AIDS face historical stigmas and outdated pricing, which reduces incentive for market participation. Embse and Chu argued that regulators and legislators should intervene when an insurance market is not functioning appropriately. Moving forward, Embse and Chu advocate for regulatory action, model laws, and legislation aimed addressing these issues. Additionally, Embse and Chu encourage more experience studies on mortality and morbidity as well as increased industry education and awareness efforts.

Presentation from Ladder Life Insurance Company on Direct-to-Consumer Life Insurance Sales

Cara St. Martin (Ladder) delivered a presentation regarding its direct-to-consumer life insurance sales. Ladder is a TPA and Ladder Life Insurance Company is a carrier in California. Ladder offers term life insurance direct to consumers in all 50 states and DC. Ladder is a digital company designed to optimize online customer experience. All policies are fully underwritten using application and traditional third-party data.

Discussion of Other Matters

There were no other matters brought before the Committee.

Health Insurance and Managed Care (B) Committee

The Health Insurance and Managed Care (B) Committee met on August 13, 2025. The agenda can be found [here](#), and the meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of Minutes

The Committee adopted its Spring National Meeting minutes.

Adoption of Working Group and Task Force Reports

The Committee adopted the following Working Group and Task Force reports without discussion:

- A. Consumer Information (B) Working Group
- B. Health Innovation (B) Working Group
- C. Health Actuarial (B) Task Force
- D. Regulatory Framework (B) Task Force
- E. Senior Issues (B) Task Force

Update on the Long-Term Care Insurance Multistate Rate Review Framework and Possibly Consider Adoption

Fred Anderson (MN) and Kevin Dyke (MI) delivered an update to the Committee regarding the Long-Term Care Insurance Multistate Rate Review Framework. Anderson discussed recent NAIC activity related to the multi-state LTC rate reviews. Most notably, the LTC Actuarial Working Group (“LTCAWG”) and LTC/Health Actuarial Task Forces (“HATF”) adopted a single methodology. Anderson reported widespread consensus on the methodology. The single methodology will be known as the “MSA methodology” and is similar to the “blended /if-knew” Minnesota approach. The methodology also revised cost-sharing factors. These revised factors reduce rate increases for those who have faced past high cumulative rate increases. LTCAWG and HATF adopted cost-sharing factors increase the company cost-sharing burden from 50% to 85% when cumulative rate increases get high. States can still make the ultimate decision regarding rate increase approvals for their states’ policyholders.

The (B) Committee adopted the MSA methodology and cost-sharing factors.

Discussion on the 2025 Legislative Activity of Interest to the Committee

Christina Haas (DE), George McNab (OH), and Acting Director Heather Carpenter (AK) led a discussion on 2025 legislative activity of interest to the Committee. Haas, McNab, and Carpenter gave updates regarding three major policy areas: prior authorization (“PA”) reform, pharmacy benefit manager regulation, and mandated coverage for biomarker testing.

- **Prior Authorization Reform**

As of today, 49 states, DC, and Puerto Rico have enacted laws addressing PA. Many of these laws include gold carding. McNab described “gold carding” as a fast pass for providers who consistently receive approval for their request. At least twenty jurisdictions have some form of gold carding law, and these numbers continue to grow. New PA laws commonly mandate response time, typically 24 to 72 hours for urgent requests and 5 to 7 business days for nonurgent requests. If a plan does not respond in time, some states allow automatic approval. States are also tightening rules on retrospective denials, requiring clinical transparency, and specifying qualifications for reviewers.

- **Pharmacy Benefit Managers (“PBMs”)**

States are being aggressive in passing legislation related to PBM transparency, price fairness, and accountability. In 2025, states passed laws that require PBMs to disclose their ownership, how they calculate rebates, and what they charge health plans compared to what they pay pharmacies. Multiple states are banning or limiting spread pricing. New laws also target fair pharmacy reimbursement, anti-steering practices, and network adequacy. Another major legislative trend requires PBMs to act as fiduciaries. Some states are advancing omnibus regulations to tackle multiple PBM issues all at once. In response to these new regulations, PBMs are exploring flat fee modeling instead of profit-based models and are partnering with AI-driven tech companies to improve efficiency.

- **Mandated Coverage for Biomarker Testing**

There has been a recent uptick in state legislation regarding mandated coverage for biomarker testing. States have considered explicitly removing direct-to-consumer tests and are thinking critically about both health and life insurer access to biomarker data, whether consumers should consent to the use of their biomarker data, and whether the biomarker has a risk mitigation opportunity that means it should not be used in rating that individual in the future.

Presentation on Supporting Medicaid Members and Patients: Eligibility Redeterminations and Learnings

Pahoua Yang Hoffman (Health Partners) delivered a presentation entitled Supporting Medicaid Members and Patients: Eligibility Redeterminations and Learnings. The goal of Health Partners is to retain eligible Medicaid members and ensure minimal disruption and gaps in coverage and access to care. Hoffman discussed some of the challenges faced by Health Partners and other health plans including the lack of online tools available related to Medicaid redetermination and eligibility renewal applications, inadequate resources for the high volume of work for counties and tribal nations, and the complexity of systems and rules. Hoffman emphasized the need for public-private partnerships and the importance of the involvement of community organizations in tackling these challenges.

Update from the Federal Center for Consumer Information and Insurance Oversight (CCIIO) on Recent Activities

Peter Nelson (CCIIO) gave the Committee an update on the Federal Center for Consumer Information and Insurance Oversight's ("CCIIO") recent activities. Nelson began by outlining the Trump Administration's efforts to improve stability of markets and exchanges as well as opportunities to further improve individual markets and exchanges in each state. Early in the Trump Administration, CCIIO outlined comprehensive steps in a proposed rule to strengthen program integrity and root out fraud. CCIIO recently finalized these measures in its Marketplace Integrity and Affordability Final Rule (the "Final Rule") in June. The Final Rule includes revised standards that strengthen income verification processes, modified eligibility redetermination procedures for greater awareness and accuracy, updated definitions, the removal of DACA recipients from lawfully present status for eligibility and enrollment purposes, and several other program integrity measures.

Almost immediately after finalizing the Final Rule, Congress passed the One Big Beautiful Bill Act. This new legislation builds directly on the Final Rule's foundation by establishing standards designed to address the flood of improper enrollments and add enhanced accountability measures. CCIIO is actively working on implementing these policy changes. Most recently, CCIIO has been working with the federal government to conduct an orderly and appropriate review process for rates for the upcoming plan year. In the coming months, Nelson told the Committee that it could expect more conversations and guidance that clarify implementation requirements for the Final Rule and the One Big Beautiful Bill. Considering all the changes moving into this open enrollment period, there will be additional training, resources, and opportunities available for agents, brokers, and other stakeholders. In addition to thoughtful communication strategies to educate consumers as they enter this new enrollment period.

Nelson also talked about state innovation. His focus was on Health Care Choice Compacts (“HCC Compacts”) under Section 1333 of the ACA. Section 1333 directs the Secretary of HHS, in

consultation with the NAIC, to establish a regulatory framework that allows two or more states to enter into an HCC Compact to facilitate the sale of health insurance across state lines. Under an HCC Compact, a health insurance issuer could offer one or more qualified health plans in the individual health insurance market in any state included in the compact, with certain exceptions and requirements to protect consumers. Outside of those exceptions and requirements, the qualified health plan would only be subject to the laws and regulations of the state in which the health insurance coverage was written or issued.

According to Nelson, the HCC Compacts help states by creating more predictable insurance regulation by transferring certain federal oversight functions to states, streamlining administrator processes and reducing compliance burdens, encouraging broader insurer participation in markets with smaller populations, providing smaller states with enhanced regulatory capacity and collaborative support, and empowering states to design and deploy innovative regulatory approaches that enhance affordability and quality in individual health insurance markets. Regulators expressed concerns regarding rate increases and access to affordable quality health insurance. Nelson recommended increased communication, transparency and collaboration with state regulators.

Discussion of Other Matters

There were no other matters brought before the Committee.

Regulatory Framework (B) Task Force

The Regulatory Framework (B) Task Force met on August 12, 2025. The agenda can be found [here](#), and the meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of Minutes

The Task Force adopted its Spring National Meeting minutes.

Adoption of Working Group Reports

The following Working Group Reports were adopted without comment:

- **ERISA (B) Working Group**

The Working Group met on August 12th. During its August meeting, the Working Group took the following actions:

- Heard an update of ERISA preemption of PBM laws.
- Heard a presentation from the NABIP on level-funded plans.

- **Mental Health Parity and Addiction Equity Act (MHPAEA) (B) Working Group**

The Working Group met on July 2nd and May 27th in regulator-only sessions. During these meetings the Working Group took the following actions:

- Discussed federal agencies' decisions not to enforce the 2024 revision to the final rule on mental health parity. Working Group members generally agreed that state activity related to parity review and enforcement will continue.

- **Prescription Drug Coverage (B) Working Group**

The Working Group met on August 11th. During this meeting, the Working Group took the following actions:

- Adopted its May 19th and Spring National Meeting minutes.
- Heard presentations from the Pharmaceutical Research and Manufacturers of American and the Cystic Fibrosis Foundation regarding alternative funding programs.

Update on Commitment to Streamlining and Simplifying Prior Authorization

Jeanette Thornton (AHIP) and Monica Auciello (BCBSA) delivered an update on health plans' commitment to streamlining and simplifying prior authorization ("PA"). The purpose of the update was to discuss steps that can be taken to improve the PA process for companies and patients. The update focused on the use of technology to make the PA process more efficient and how voluntary plan commitments have had a positive impact on members and providers. Some of the steps found to improve the PA process are standardizing electronic PA, reducing the scope of claims subject to PA, ensuring continuity of care when patients change plans, enhancing communication and transparency on determinations, expanding real-time responses, and ensuring medical review of non-approved requests. According to Thornton and Auciello, these actions can reduce time, increase transparency, and lower member and provider burdens.

Discussion on the Federal Deregulation Initiative

Katie Keith (Center for Health Policy and the Law at the O'Neill Institute, Georgetown Law) led a discussion on the Federal Deregulation Initiative. The discussion focused on federal deregulatory efforts taken by the Trump Administration in the previous six months.

President Trump has issued at least nine deregulatory directives in his first six months in office. These efforts include the 10-for-1 rule (Jan. 2025), the legal and policy review process (Feb. 2025), and a directive to the skip notice and comment process (April 2025). Keith also discussed the implications for consumers and stakeholders regarding the federal government's deregulatory efforts. Keith noted that broad deregulation could lead to abrupt changes to consumer protection laws, federal programs, and the regulation of drugs and devices. Additionally, deregulatory changes, especially to the complex, highly regulated health care system, could cause chaos and confusion at the same time as agency staffing reductions, agency reorganizations, and funding freezes. Moving forward, Keith expects an uptick in deregulation related to health insurance.

Brian Blase (Paragon Health Institute) led a discussion regarding federal topics of relevance to state insurance commissioners. The Departments of Labor, HHS, and Treasury announced a suspension of enforcement of the Biden Administration's 2024 short-term insurance rules. Blase also discussed farm bureau health benefit plans. More than a dozen states exempt farm bureau health benefit plans from the definition of insurance. As a result, the plans are not subject to the Affordable Care Act or other state and federal regulations. Blase also discussed association health plans, individual coverage HRAs, and issues with enhanced ACA subsidies.

Update on Work to Develop a Prior Authorization Framework White Paper

Commissioner Grace Arnold gave an update on work to develop a Prior Authorization Framework White Paper. The Task Force released a Draft White Paper on July 18th, which is open for public

comment until August 29th. At the end of the comment period, the Task Force will hold a meeting to receive additional comments. Depending on the nature and volume of comments received, the

Task Force may release another draft after making revisions. The Task Force expects the White Paper to be complete before the end of 2025.

Discussion of Other Matters

Consumer representatives expressed concerns about federal deregulatory efforts, particularly as those efforts relate to plans that are less generous to consumers than those on the exchange.

Prescription Drug Coverage (B) Working Group

The Prescription Drug Coverage (B) Working Group met on August 11, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of its May 19 and Spring National Meeting Minutes

The May 19th and Spring National Meeting Minutes were adopted.

Presentations on Alternative Funding Programs (AFPs)

Katelin Lucariello gave a presentation on Alternative Funding Programs (AFP). Lucariello gave a brief introduction of PhRMA and explained the alternative funding framework for specialty drugs. Many patients experience challenges accessing specialty drugs. Manufacturing cost sharing assistance programs have grown significantly over the last decade, and they serve as an important source of financial help for commercially insured patients.

Recently, middlemen (payors and PBM's) have started to abuse/exploit the financial assistance programs intended to provide relief to patients. Lucariello explained how AFP's affect financial patient assistance programs by convincing the plan sponsor to remove funding for specialty drugs from its health plan. States have become increasingly interested in the business model of AFP. Some states have enacted legislation banning AFP. PhRMA created an online tool, MAP, to help patients navigate medicine affordability. MAP will help patients with the affordability of their prescriptions.

Theresa Alban gave a presentation on the Cystic Fibrosis Foundation. Alban gave background on cystic fibrosis and the cystic fibrous foundation. Alban spoke on the difficulties of patient access to specialty medications. Patients often lose access to their medication while trying to renew prescriptions for specialty medications. Alban gave an overview of laws and regulations related to drug importation. Recently, there has been heightened interest in the importation of drugs and the effect on patient costs. Issues related to drug importation include lack of proper storage and drug handling, insufficient transparency, and the risk of counterfeit medications. Alban discussed action items for state regulators on addressing issues related to drug importation. Several states are working to get approval from the FDA to be able to conduct drug importation.

Discuss Any Other Matters Brought Before the Working Group

No other matters were discussed by the Working Group.

Property and Casualty Insurance (C) Committee

The Property and Casualty Insurance (C) Committee met on August 13, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of its 2025 Spring National Meeting Minutes

The Committee adopted its 2025 Spring National Meeting minutes.

Report from Homeowners Market Data Call (C) Task Force

Commissioner Michael Yaworsky (FL) reported that the Homeowners Market Data Call (C) Task Force has met twice publicly and four times in regulator-only sessions. The Task Force reviewed its charges, examined how states are using data collected to date, discussed approaches to structuring the next data call with respect to confidentiality and data sharing, and finalized proposed templates and definitions for the next iteration of the data call. On August 6, the recommended templates and definitions were released for a 30-day public comment period ending September 15th. Initial comments were heard during the meeting, and the Task Force will review written comments during a call later in September. Commissioner Yaworsky noted that the Task Force may not request data from companies until early next year, with the expectation that submissions could be required in May or June of 2026.

The Committee discussed the importance of building consensus among commissioners and ensuring broad state participation before moving forward with the data call. Members agreed that allowing additional time would help deliver a sustainable process that can be repeated year after year. A motion to adopt the Task Force report was made and seconded. The motion passed without opposition.

Adoption of Remaining Task Force and Working Group Reports

Commissioner Michael Conway (CO) presided over the adoption of written reports from the following groups:

1. Casualty Actuarial and Statistical (C) Task Force - Commissioner D.J. Bettencourt (NH)
2. Surplus Lines (C) Task Force - Director Larry D. Deiter (SD)
3. Cannabis Insurance (C) Working Group - Commissioner Ricardo Lara (CA) and Katey Piciucco (CA)
4. Catastrophe Insurance (C) Working Group - Director Angela L. Nelson (MO)
5. NAIC/Federal Emergency Management Agency (FEMA) (C) Working Group - Commissioner Glen Mulready (OK)
6. Terrorism Insurance Implementation (C) Working Group - Martha Lees (NY)
7. Title Insurance (C) Working Group - Chuck Myers (LA)

8. Transparency and Readability of Consumer Information (C) Working Group - George Bradner (CT)
9. Workers' Compensation (C) Working Group - Commissioner Alan McClain (AR)

All remaining reports were adopted without discussion.

Consider Adoption of the NAIC Catastrophe Modeling Primer

The Committee adopted the NAIC Catastrophe Modeling Primer. Commissioner Michael Yaworsky (FL) reported that the Catastrophe Insurance (C) Working Group received a referral in 2021 to update the Catastrophe Computer Modeling Handbook after finding it was not widely used by states. In response, the Working Group simplified the material into a primer designed to introduce regulators to the fundamentals of catastrophe modeling. The primer outlines key concepts such as the evolution of modeling, probabilistic approaches, model components, metrics, and regulatory interaction, and is intended as a resource for new Department of Insurance staff and a bridge to more advanced training. A drafting group with representatives from several states developed the document, which was peer-reviewed and exposed for comment in late 2024. After incorporating feedback, the primer was finalized and adopted by the Committee on March 25, 2025, focusing on incorporating broad stakeholder input. The data collected will not be shared with BIO, distinguishing it from the prior PCMI model.

Update on Progress Related to the Affordability and Availability Playbook

The Committee received an update from Kate Harris (CO) on the development of the Affordability and Availability Playbook. The Playbook is one of the Committee's top priorities for the year and is intended as a resource for state insurance regulators, legislators, and policymakers to address challenges in homeowners insurance affordability and availability. Harris reported that the drafting group began its work in May and has met six times to produce an outline organized into four parts. Part One examines broad factors such as rising rates and premiums, protection gaps, market trends, residual and surplus lines, housing impacts, regulatory frameworks, reinsurance, severe weather, and transparency. Part Two highlights cross-jurisdictional strategies including legislative reforms, parametric insurance, mitigation incentives, public-private partnerships, equity initiatives, and state actions on perils such as hurricanes, wildfires, and earthquakes. Part Three addresses emerging risks such as extreme heat and atmospheric rivers. Part Four synthesizes best practices and implementation tools for regulators.

The draft outline was reviewed during an August 6th drafting session that included regulators and interested parties. Suggestions included adding topics such as the use of credit scores, discrimination, policy language reform, insurer profitability metrics, and a primer on insurance fundamentals. Feedback also called for restructuring the document, narrowing the intended audience, and incorporating input from other NAIC committees. Comments and redlined revisions were requested by August 26th. Materials are posted to the Committee's web page for review.

The Committee then heard comments from industry and consumer representatives. Kate Paolino (NAMIC) said the Playbook should more clearly define the regulatory system in which insurers and consumers operate, including solvency oversight and risk-based pricing. She also asked that the examples in the document be further clarified as illustrations rather than best practices and requested more time for stakeholder feedback.

Commissioner Ricardo Lara (CA) described challenges with California's FAIR Plan, noting its growing role as an insurer of last resort and recent efforts to improve its transparency, accountability, and operations as catastrophe risks increase. Dave Snyder (APCIA) emphasized the need to address underlying risk drivers such as land use, building codes, and hazard exposure rather than treating insurance as the primary solution. He also suggested measuring and comparing the effectiveness of state actions.

Ken Klein (Consumer Representative) called for an evidence-based approach, recommending that reforms include defined success metrics, regular data review, and ongoing evaluation, especially in areas such as legal system abuse and climate change. He pointed to Florida's legal system abuse reforms as an example where detailed data has been collected before and after the reforms. Regulators emphasized that the Playbook should remain an objective record of state actions rather than a debate over policy positions.

Commissioner Mike Chaney (MS) added that accountability, including ensuring claims are paid, should be part of the framework. Commissioner Michael Yaworsky (FL) reiterated that Florida's reforms were based on data and have been documented with transparency.

Homeowners Market Data Call (C) Task Force

The Homeowners Market Data Call (C) Task Force met on August 12, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of its May 12 Minutes

The May 12th meeting minutes were adopted.

Discuss Potential Revisions to the Homeowners Data Call Template and Definitions

The recommendations for revisions to the Homeowners Data Call Template and Definitions were exposed on August 6th and the comment period ends on September 8th.

The drafting group has been reviewing data collected from last year and is working with companies to better understand the data quality. The drafting group has been meeting regularly to revise the definitions and data elements. The Task Force provided feedback to the drafting group and the drafting group is now seeking feedback from interested parties.

The new Homeowners Data Call Template will collect information for additional policy forms such as renters, condo owners, and mobile homes. Information regarding premiums, policies in force, and coverage limits will be requested from companies as of December 31, 2024. The drafting group may also request corresponding 2025 data. The drafting group is seeking feedback on how to collect square footage of dwelling data. This data point will not be included in the next data call; however, the drafting group is interested in receiving feedback. In the future, the drafting group intends for new data elements to be added to the data call.

There was discussion with task force members and interested parties. Generally, the interested parties are pleased with the changes made to the data call. However, they did encourage the task force to make the data public to public policy advocates.

Additionally, there was discussion among task force members regarding the use of the data in response to the wildfires in California. The importance of releasing information from the data call in a timely manner was emphasized, especially for California.

Discuss the Task Force's Next Steps

The Task Force is still discussing issues related to authority, confidentiality, and data sharing. The Task Force is also working on data sharing agreements with states and is currently working on appropriate thresholds for collecting data.

The Task Force will review comments related to the revised Homeowners Data Call Template and Definitions and approve a final version. The Task Force is still contemplating dates for the collection and release of data. However, the Task Force would like to maintain a regular practice of conducting data calls.

Market Regulation and Consumer Affairs (D) Committee

The Market Regulation and Consumer Affairs (D) Committee met on August 13, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of its Spring National Meeting Minutes

The 2025 Spring National Meeting Minutes were adopted.

Pharmacy Benefit Manager (PBM) (D) Working Group Report

Joylynn Fix (WV), chair of the PBM (D) Working Group, reported on the group's progress in developing new regulatory tools for PBMs. She explained that the Working Group has focused on drafting an examination standards chapter for the Market Conduct Handbook and a licensing standards chapter. Although drafting an exam chapter without a model law presents challenges, Fix emphasized that the work is critical for regulators and industry as PBM oversight continues to evolve. More than 10 jurisdictions collaborated on drafting five sections of the exam standards, using state best practices while accounting for differences in state law. The draft is nearly complete and expected to be released for comment soon, after which it will be forwarded to the Market Conduct Examination Guidelines (D) Working Group for further review.

Fix also highlighted progress on the licensing standards chapter, led by Vice Chair Ashley Scott, which reflects input from states that currently require PBM registration or licensure. A draft has been circulated to the Working Group with comments due August 21, after which it will be revised and released for public comment. In addition, the Working Group is examining PBM filings through the System for Electronic Rate and Form Filing (SERFF), with Vice Chair Susan Jeannette coordinating improvements to the system in response to regulatory concerns. Fix noted that this may become a longer-term project extending into next year and could require additional assistance from the Committee or the NAIC.

Discuss the Draft Cybersecurity Incident Response Framework

Director Dean Cameron (ID) presented the draft Cybersecurity Incident Response Framework, an assignment from the NAIC President to provide regulators with a protocol and guidebook for responding to cybersecurity events, including procedures for potential multi state coordination. The framework identifies key concepts such as criteria for assessing the impact of an event, thresholds such as consumer or financial impact that could trigger coordinated action, procedures for designating a lead state, and the respective roles of the Cybersecurity (H) Working Group, the Market Actions (D) Working Group, and the Financial Analysis (E) Working Group. A draft decision tree has been developed to guide initial assessments, with the D and H Committees jointly determining whether the primary impact is market conduct or financial and assigning a lead state accordingly. That state would then coordinate with subject matter experts under the D and E Committees, with the H Committee providing an advisory role.

During discussion, Pennsylvania shared recent experience with a companywide cyber breach where all operations including email, underwriting, and claims were shut down, emphasizing the importance of treating such events like catastrophic events and focusing first on protecting consumers. Director Cameron agreed and noted that this consumer first approach should be incorporated into the framework. Committee members asked for more time to review the draft slides, which will be made available, and expressed interest in refining the framework's narrative and decision criteria. Interested parties also asked about the opportunity to provide input, and Cameron confirmed that comments are welcome, with a goal of finalizing the framework by year end.

Update on Marketplace Issues Discussed by the Market Actions (D) Working Group

David Buono provided an update on behalf of the Market Actions (D) Working Group (MAWG). He explained that MAWG consists of a geographically diverse membership of market conduct regulators throughout the country. The group has been working to increase transparency, while maintaining the confidentiality necessary for effective coordination. Buono noted that MAWG serves as a forum for regulators to share information about issues they are observing in their markets and to consider potential collaborative actions. He emphasized that participation by insurers or vendors in MAWG discussions does not necessarily signal regulatory concerns but rather reflects the group's effort to better understand developing issues in the marketplace.

Buono outlined several issues currently under discussion, including the use and accuracy of virtual appraisals, total loss evaluations, and the feasibility of conducting national analyses that yield meaningful and actionable results. He also highlighted coordination with other working groups on issues such as PBMs, cybersecurity, and behavioral health and parity. To improve communication, Buono thanked Director Cameron for ensuring that each jurisdiction's Collaborative Action Designee (CAD) was updated and fully engaged, marking the first time that 100% of CADs were listed. He explained that CADs play an essential role in reporting back to commissioners and ensuring state leadership is informed of developments. Buono concluded by reaffirming MAWG's goal of strengthening state-based regulation through collaborative efforts, reducing duplicative work, and addressing market issues efficiently and effectively.

Discuss the Viability and Functionality of the Consumer Agent Broker Search Tool

The Committee continued its discussion on the development of a consumer-facing agent and broker search tool, which originated under the Antifraud Task Force. Commissioner Navarro explained that the project is intended to help consumers verify licensing and guard against fraudulent actors, similar to transparency provided in other financial services through tools like FINRA's BrokerCheck. Regulators reviewed a prototype that would allow consumers to confirm where an individual is licensed and their lines of authority, though several noted it fell short of expectations and may duplicate state systems that already provide robust license lookups. Supporters emphasized the value of a national tool to identify bad actors operating across

multiple states, citing recent examples of fraudulent schemes targeting vulnerable populations. The Committee agreed that further refinement and discussion with other task forces is needed before determining the NAIC's role in consumer communications.

Receive an Update on NAIC Personalized Information Capture (PIC) Alerts for the National Insurance Producer Registry (NIPR) Attachment Warehouse

NAIC staff provided an update on the Personalized Information Capture (PIC) alerts and the NIPR Attachment Warehouse. Since the Spring National Meeting, enhancements have been made to improve how states receive and manage alerts, including a new email monitoring system to track bounce backs, outreach to confirm designated contacts, and training to help regulators manage high alert volumes.

Commissioners noted that some states had not been receiving alerts properly, while others faced challenges with the sheer volume generated when producers are licensed in multiple jurisdictions.

Adoption of Task Force and Working Group Reports

The committee adopted the reports of the following Task Forces and Working Groups:

1. Antifraud (D) Task Force – Commissioner Trinidad Navarro (DE)
2. Producer Licensing (D) Task Force – Director Larry D. Deiter (SD)
3. Pharmacy Benefit Management (D) Working Group – Joylynn Fix (WV)

A motion to adopt all reports was made and seconded, and the motion passed without opposition.

Pharmacy Benefit Management (D) Working Group

The Pharmacy Benefit Management (D) Working Group met on August 11, 2025. The agenda can be found [here](#), and the meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of Minutes

The Working Group adopted its Spring National Meeting minutes without discussion.

Presentation on PBM and Pharmacy Accreditation

The Utilization Review Accreditation Commission (“URAC”) gave a presentation on pharmacy benefit management (PBM) accreditation and specialty pharmacy accreditation. The presentation covered URAC’s PBM accreditation program, including the program’s scope, requirements and review processes. Notably, the requirements of the program include pricing transparency, clinical decision disclosures, and member support.

Development of Draft PBM Examination

Joylynn Fix (WV) gave an update on the work to develop a draft PBM examination. The PBM Examination Chapter Drafting Group has completed two sections of the draft PBM examination chapter. Soon after the Summer National Meeting, the Drafting Group plans to complete the remaining sections of the PBM examination chapter. Once the Working Group has received the completed sections and completes an internal review, the Working Group will expose the initial draft PBM examination chapter for public comment.

Development of PBM Licensing & Registration

Ashley Scott (OK) gave an update on the work to develop PBM license and registration standards. The Working Group established a drafting group after the Spring National Meeting to develop an initial draft of the PBM licensing and registration standards. The drafting group recently completed the draft and shared it with the Working Group for review. Once the Working Group has completed its review of the draft, it will expose the draft for public comment.

Discussion on Needed State Based Systems (SBS) Changes to Better Handle PBM Complaints

Joylynn Fix led a discussion on needed changes to State Based Systems (SBS) to better handle PBM complaints. After the discussion, the Working Group requested volunteers to work on the project. Over the next few months, the Working Group anticipates working with volunteers to develop recommendations for the full Working Group’s discussion.

Discussion of Other Matters

Regulators and interested parties expressed concern regarding the need for more PBM price transparency.

Financial Condition (E) Committee

The Financial Condition (E) Committee met on August 13, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of its July 28 and Spring National Meeting Minutes

The July 28th and Spring National Meeting minutes were adopted.

Consider Adoption of the Reports of its Task Forces and Working Groups

All working group reports were adopted and will be included in the technical changes report.

1. Accounting Practices and Procedures (E) Task Force
2. Capital Adequacy (E) Task Force
3. Financial Stability (E) Task Force
4. Examination Oversight (E) Task Force
5. Receivership and Insolvency (E) Task Force
6. Reinsurance (E) Task Force
7. Valuation of Securities (E) Task Force
8. Group Solvency Issues (E) Working Group
9. NAIC/American Institute of Certified Public Accountants (AICPA) (E) Working Group
10. National Treatment and Coordination (E) Working Group

Status Report from the Valuation of Securities (E) Task Force

Carrie Mears (IA) gave a status report for the Valuation of Securities (E) Task Force. The Task Force passed two adoptions related to private rationale rating reports. The Task Force also adopted an amendment allowing a 90-day period to provide an annual rating update or change. The Task Force also highlighted a couple of exposures that were passed in the meeting. The exposures are related to changes in private letter ratings and proposals for blanks changes to security ids on annual statements. The task force received an update on the CLO modeling project, and it is expected to be ready for the 2025-year end reporting. The task force directed NAIC staff to draft a P&P manual amendment to formally defer implementation for another year.

The Task Force also received updates on the CRP due diligence framework and the filing exemption discretion projects. The NAIC has selected PwC to help develop the CRP due diligence framework. This project is currently underway. A data call was issued to 8 CRPs on August 8th. The filing exemption discretion project is currently underway as well. A vendor has been selected to provide a secure data room and development on the necessary NAIC system enhancements is expected to begin in 2026.

Commissioner Nathan Houdek (WI) made comments on the CLO modeling project. Houdek agrees with the extension of one year to align with the work of other NAIC working groups and the Academy. An update is expected to be provided by the Academy on the CLO modeling progress. It is expected that a roadmap and timeline will be developed in the coming months for the Fall National Meeting. In the meantime, the committee will continue to engage in heightened monitoring of insurers' CLO exposure.

Status Report from the Risk-Based Capital Investment Risk and Evaluation (E) Working Group

Phillip Barlow (DC) gave an update on the Risk-Based Capital Investment Risk and Evaluation (E) Working Group. The Academy has accomplished a lot of work since the last update. The Academy now has a working model. The Academy is currently working with the SSG group to provide waterfall runs for CLO modeling. They are currently processing waterfall runs for sample CLOs. The working group is currently working on a timeline to determine what is needed to achieve implementation by the year end 2026. The working group is also implementing a plan with NAIC staff to address any necessary structural changes.

The working group also met with the Statutory Accounting Principles Working Group and Valuation of Securities Task Force in a regulator-only meeting to review information regarding CLO's and data provided by the NAIC Staff on the most recent annual statement filings. The Academy is also working on a process that will allow them to use a similar CLO modeling process to evaluate other types of structured securities.

Consider Formation of a Reciprocal Exchanges (E) Working Group (WI) & Consider Adoption of a Model Law Request Form

Commissioner Nathan Houdek (WI) gave background on the two proposals. The model law adoption form was passed with no discussion. The proposed charges for the new Reciprocal Exchange Working Group were adopted to be included in the current committee's charges.

Receive Proposal to Rename Risk Retention Group (E) Task Force and Related 2026 Proposed Charges

Sandra Bigglestone (VT) gave background on the proposal to change the name of the Risk Retention Group (E) Task Force. The new working group would comprise of no more than 12 states. The proposed effective date of the change is January 1, 2026 and the working group would retain all of the prior charges of the task force. This change will allow the working group to operate in more regulator-to-regulator sessions. Bigglestone also highlighted the proposed changes to the operation and work of the working group.

The proposal was adopted with no further discussion.

Adoption of Statutory Accounting 2024-06: Risk Transfer Analysis of Combination Reinsurance Contracts—Dale Bruggeman

Dale Bruggeman (OH) gave an update. The Statutory Accounting Working Group received a referral from the Valuation Analysis (E) Working Group to review the risk transfer analysis of Combination Reinsurance Contracts. The Q&A in SAAP 791 did not specifically contemplate this issue, it has been revised. SAAP 61 has also been revised. Most of the discussion in the working group was centered around the effective date and reporting date of contracts. The working group came to a common ground on the reporting date. Most of the Working Groups' discussion was centered around the effective date of applicable contracts. The Working Group voted to move forward with the changes.

The Financial Condition committee refrained from voting to allow committee members the opportunity to review the changes.

Any Other Matters Brought Before the Committee

An update was given on the work of the Innovation, Cybersecurity, and Technology (H) Committee. So far, 24 states have adopted the model AI bulletin. An update was given on the development of the AI system evaluation tool by the Big Data & AI Working Group. A draft of the tool is open for public comment until September 5th. Upon conclusion of the comment period, revisions will be made to the AI system evaluation tool. Currently, the Big Data & AI Working Group is seeking feedback on the tool and looking for states to participate in a pilot program to test the AI system evaluation tool.

Accounting Practices and Procedures (E) Task Force

The Accounting Practices and Procedures (E) Task Force met on August 12, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of 2025 Spring National Meeting Minutes

The 2025 Spring National Meeting Minutes were adopted.

Adoption of Statutory Accounting Principles (E) Working Group Report

- A. Adopted its April 10 minutes. During this meeting, the Working Group held discussions on agenda items 2024-05 and 2024-06, which included a presentation from the American Council of Life Insurers (ACLI) on statutory risk transfer considerations and a presentation by a regulator representing the Life Actuarial (A) Task Force on combined coinsurance funds withheld yearly renewable term (YRT) agreements.
- B. Adopted its May 22 minutes. During this meeting, the Working Group took the following action:
 - 1. Adopted the following clarifications to statutory accounting guidance:
 - a. Adopted revisions to SSAP No. 1 Accounting Policies, Risks & Uncertainties, and Other Disclosures to require the restricted asset note in all quarterly and annual financial statements and to incorporate a disclosure to identify funds withheld assets related to or affiliated with the reinsurer. (Ref #2025-05)
 - b. Adopted revisions to SSAP No. 84 Health Care and Government Insured Plan Receivables to add disclosures regarding Medicare Part D Prescription Payment Plan receivables. (Ref #2025-08)
 - c. Adopted revisions to the annual statement blanks:
 - i. Adopted annual statement reporting revisions to delete the capital structure code-specific columns from Schedule D-1-1 (Long-Term Bonds – Issuer Credit Obligations) and Schedule D-1-2 (Asset-Backed Securities). (Ref #2025-04)
 - ii. Adopted annual statement reporting revisions to delete line 8 from the asset valuation reserve (AVR) schedule, formerly identified as “Unrated Multi-Class Securities Acquired by Conversion” and categorized under bonds in the AVR. (Ref #2025-06)
 - iii. Adopted annual statement reporting revisions to delete general interrogatory No. 14 for dividends in Part Two of the general interrogatories in the life, accident and health, and fraternal annual statement blank. (Ref #2025-07)

- iv. Adopted annual statement reporting revisions to create a new reporting schedule (included in Exhibit 1 of the Form A), which adds a new part to the reinsurance Schedule S in the life/fraternal annual statement blanks and instructions, and recommend that the Blanks (E) Working Group move forward with the adoption of its corresponding agenda item 2025-05BWG. (Ref #2024-07)
 - d. Adopted Issue Paper No. 171 Current Expected Credit Losses (CECL) to preserve the pre-CECL U.S. generally accepted accounting principles (GAAP) impairment and other-than-temporary impairment guidance for historical reference. (Ref #2023-24)
2. Exposed the following clarifications to statutory accounting guidance:
- a. Exposed revisions to add new guidance allowing certain qualifying investment trusts holding residential mortgage loans to fall within the scope of SSAP No. 37 Mortgage Loans and to allow for reporting of residential mortgage loans held in qualifying trusts on Schedule B – Mortgage Loans. (Ref #2025-13)
 - b. Exposed revisions to the status section on the cover page of the statements of SSAPs to change “substantively” revised to “conceptually” revised and remove the issue paper references. (Ref #2025-16)
 - c. Exposed various editorial revisions to three SSAPs and one interpretation, including updates to disclosures, removal of a remaining credit rating provider designation, and removal of superseded terminology. (Ref #2025-17EP)
 - d. Exposed for rejection in Appendix D - Nonapplicable GAAP Pronouncements:
 - i. Accounting Standards Update (ASU) 2017-05 Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20), Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets. (Ref #2025-14)
 - ii. ASU 2025-02 Liabilities (Topic 405), Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122. (Ref #2025-15)
- C. Adopted its June 2nd minutes. During this meeting, the Working Group exposed agenda items 2024-05 and 2024-06 for a 43-day public comment period ending July 14th.
- D. Adopted its June 5th minutes. During this meeting, the Working Group exposed edits to Interpretation (INT) 23-01 Net Negative (Disallowed) Interest Maintenance Reserve to extend the effective date until Dec. 31, 2026, and incorporate clarifications to the interpretation.

E. Adopted the following clarifications to statutory accounting guidance:

1. Adopted various editorial revisions to statutory accounting guidance, including updates to disclosures, removal of a remaining credit rating provider designation, and removal of superseded terminology. (Ref #2025-17EP)
2. Adopted ASU 2024-04 Debt—Debt with Conversion and Other Options, with modifications to provide clarifications on induced conversions, including when the inducement shall be recognized as an expense by the issuer, as well as the fair value measurement of that expense. (Ref #2025-02)
3. Adopted revisions to SSAP No. 51 Life Contracts to reflect different reserving methodologies in Valuation Manual (VM)-22 Statutory Maximum Valuation Interest Rates for Income Annuities and principle-based reserve requirements. (Ref #2025-09)
4. Adopted revisions to SSAP No. 61 Life, Deposit-Type, and Accident and Health Reinsurance and Appendix A-791 Life and Health Reinsurance Agreements to clarify risk transfer on combination reinsurance contracts with interdependent contract features. The adopted clarifications are immediately effective for new or newly amended contracts, with provisions allowing a Dec. 31, 2026, effective date for existing contracts to allow time for industry and regulator assessment. This item received a separate vote. (Ref #2024-06)
5. Adopted revisions to extend the effective date of INT 23-01 Net Negative (Disallowed) Interest Maintenance Reserve to Dec. 31, 2026, and add additional requirements and clarifications to the guidance in the interpretation. (Ref #2022-19)
6. Adopted revisions to delete a sentence in Appendix A-791, paragraph 2c, question and answer. (Ref #2024-05)
7. Adopted revisions to the 2026 Accounting Practices and Procedures Manual to streamline the status section of each SSAP by removing issue paper references and changing “substantively revised” to “conceptually revised” to align with previously adopted policy statement language. (Ref #2025-16)
8. Adopted the following U.S. GAAP standards for rejection in Appendix D—Nonapplicable GAAP Pronouncements:
 - a. ASU 2023-07 Improvements to Reportable Segment Disclosures. (Ref #2025-10)
 - b. ASU 2024-03 Disaggregation of Income Statement Expenses and ASU 2025-01 Clarifying the Effective Date of ASU 2024-03. (Ref #2025-11)
 - c. ASU 2017-05 Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20), Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets. (Ref #2025-14)
 - d. ASU 2025-02 Liabilities (Topic 405), Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122. (Ref #2025-15)

F. Exposed the following statutory accounting principle (SAP) concepts and clarifications to statutory accounting guidance for a public comment period ending Oct. 17th, except for agenda item 2025-19, which is exposed for a public comment period ending Sept. 19th :

1. Exposed revisions in SSAP No. 22 Leases to clarify that sale-leasebacks with restrictions on access to the cash received from the sale do not qualify for sale-leaseback accounting, and the seller must account for these using the financing method. (Ref #2025-01)
2. Exposed revisions to SSAP No. 26 Bonds, SSAP No. 21 Other Admitted Assets, SSAP No. 43 Asset-Backed Securities, and annual statement blanks to improve utilization of existing disclosures, clarify guidance, and incorporate consistent locations and frequency for specific debt security disclosures. The proposed edits also include new disclosures for residuals that identify the company's measurement method, whether the company is transitioning from the practical expedient to the allowable earned yield (AEY) method, and for those following the AEY method, information comparable to SSAP No. 43 for impaired securities. The revisions also converge and clarify language across SSAPs. (Ref #2025-20)
3. Exposed revisions to SSAP No. 37 allowing residential mortgage loans in trust to reflect several recommended changes per discussions with the industry. (Ref #2025-13)
4. Exposed revisions to clarify that retirement plan assets can be held at net asset value (NAV) and shall be included in the required fair value disclosure. (Ref #2025-21)
5. Exposed revisions in SSAP No. 101 Income Taxes to adopt, with modification, certain revisions from ASU 2019-12 Simplifying the Accounting for Income Taxes. Exposure incorporates U.S. GAAP guidance previously incorporated by reference. (Ref #2025-18)
6. Annual statement blanks:
 - a. Exposed annual statement reporting revisions to add new disclosures to identify private placement securities in the investment schedules and incorporate an aggregate disclosure detailing key investment information by type of security (public and private placement types). (Ref #2025-19)
 - b. Exposed annual statement reporting revisions to eliminate the investment subsidiary concept from the instructions. (Ref #2024-21)

G. Directed NAIC staff on the following items:

1. Directed NAIC staff to proceed with using the exposed interest maintenance reserve (IMR) definition, with minor modifications noted during the meeting, and with the intent to eliminate hypothetical IMR in the forthcoming issue paper and subsequent revisions to SSAP No. 7 Asset Valuation Reserve and Interest Maintenance Reserve. This is part of the long-term project to establish concepts for IMR and incorporate accounting guidance in SSAP No. 7. Future exposures of the issue paper and proposed SSAP revisions may result in changes to the directed definition and the allocation of IMR in reinsurance transactions. (Refs #2023-14 and #2025-03)

H. Received updates on the following:

1. IMR Ad Hoc Group activities, with discussions focused on IMR from reinsurance transactions and proof of reinvestment.
2. Asset liability matching (ALM) derivatives, noting that the Working Group will hold an open meeting Sept. 10th at which industry representatives will present key concepts and options (e.g., amortized cost versus a fair value measurement model) for a proposed ALM derivative standard. (Ref #2024-15)
3. Referral from the Life Risk-Based Capital (E) Working Group regarding comments from the ACLI on AVR equity reporting lines for common stock in subsidiary, controlled, and affiliated (SCA) entities and other affiliates, and requested clarifications to the AVR instructions.
4. Life Actuarial (A) Task Force coordination memorandum, noting that two agenda items were identified as requiring coordination with the Working Group.
5. U.S. GAAP exposures, noting that no items are currently exposed by the Financial Accounting Standards Board (FASB).
6. International Association of Insurance Supervisors (IAIS) Accounting and Auditing Working Group activities, including the insurance capital standard (ICS) implementation project and potential revisions to Insurance Core Principles (ICPs) 9 (Supervisory Review and Reporting) and 20 (Public Disclosure), which are not currently viewed as compatible with the U.S. aggregation method (AM).

I. Adopted the report of Blanks (E) Working Group, which met Aug. 6, 2025. During this meeting, the Working Group took the following action:

1. Adopted its March 6 minutes, which included the following action:
Adoption of its Dec. 2, 2024, and Nov. 6, 2024, minutes.
 - a. Adoption of nine proposals.
 - b. Exposure of six new proposals and re-exposure of one proposal.
 - c. Receipt of two Statutory Accounting Principles (E) Working Group memorandums regarding inactive Lloyd's syndicates and the year-end 2024 impacts to the annual statement notes to the financial statement.
 - d. Adoption of its editorial listing.
2. Adopted 16 proposals:
 - a. Adopted 2024-19BWG (Modified) to update Schedule BA line categories and instructions for the expansion of collateral loans, add two electronic-only columns to Schedule BA, Part 1, for reporting the fair value of collateral backing and the percentage of the collateral, and update the AVR instructions and blank for the added collateral loan lines.
 - b. Adopted 2025-01BWG (Modified) to update Note 8 Derivatives in the Notes to Financial Statements to include adopted revisions to SSAP No. 86 Derivatives and update Note 11 Debt to include adopted revisions to SSAP No. 15 Debt and Holding Company Obligations.

- c. Adopted 2025-02BWG to update Note 9 Income Taxes in the Notes to Financial Statements to include adopted revisions to SSAP No. 101 Income Taxes.
- d. Adopted 2025-03BWG (Modified) to modify the life insurance (state page) to include accident and health data for direct premium earned and direct losses incurred.
- e. Adopted 2025-04BWG (Modified) to add a new part to Note 28 Health Care Receivables in the Notes to Financial Statements to include Medicare Part D prescription payment plans.
- f. Adopted 2025-05BWG (Modified) to add a new part to Schedule S to report reinsurance agreements with funds withholding and modified coinsurance (modco).
- g. Adopted 2025-06BWG to update Note 5L Restricted Assets instructions and illustrations to clarify what should be reflected within the restricted asset note.
- h. Adopted 2025-07BWG to update Schedule P with editorial revisions exposed at the Casualty Actuarial and Statistical (C) Task Force.
- i. Adopted 2025-08BWG to remove Life/Fraternal General Interrogatory No. 14 that reports total dividends paid to stockholders and renumber the remaining general interrogatories.
- j. Adopted 2025-09BWG to update Life/Fraternal Note 35 Separate Account Transfers and add a general interrogatory to the separate account blank for transfers, repurchase agreements, and reverse repurchase transactions.
- k. Adopted 2025-10BWG (Modified) to update Note 5L Restricted Assets to identify assets held under funds withholding agreements (including modco) that are affiliated with the reinsurer and update the list of required quarterly disclosures to include Note 5L Restricted Assets so that this disclosure is required in all interim and annual financial statements.
- l. Adopted 2025-11BWG to remove the capital structure code reporting column on Schedule D, Part 1, Sections 1 and 2.
- m. Adopted 2025-12BWG to remove Line 8 Unrated Multi-Class Securities Acquired by Conversion from AVR Default Component Basic Contribution, relabel the line with “intentionally left blank” to prevent renumbering all lines in the AVR schedule, and reserve the line for future AVR updates.
- n. Adopted 2025-13BWG to update Note 13K in the Notes to Financial Statements with disclosure updates to SSAP No. 41 Surplus Notes.
- o. Adopted 2025-14BWG to add instructions to include Medicare Part D Prescription Payment Plan information to the health care and other amounts receivable line on the asset page, Supplemental Health Care Exhibit, Exhibit 3 Health Care Receivables, and Exhibit 3A Analysis of Health Care Receivables.
- p. Adopted 2025-15BWG (Modified) to update Note 8 Derivatives in the Notes to Financial Statements and Schedule DB to clarify the terminology used for derivative financing premium.

3. Re-exposed one modified proposal:
 - a. 2024-19BWG Modified—Update Schedule BA line categories and instructions for the expansion of collateral loans. Add two electronic-only columns to Schedule BA, Part 1, for reporting the fair value of collateral backing and the percentage of the collateral. Update the AVR instructions and blank for the added collateral loan lines.
4. Exposed one new proposal for a 45-day public comment period that ended July 14th.
5. Adopted its editorial listing.

J. Adopted one proposal:

2025-16BWG – Update Health Annual Statement Instructions for the Prescribed Language for Statement of Actuarial Opinion, Section 4 (Identification Section) for consistency in reporting. Also, update the Statement of Actuarial Opinion, Section 7 (Opinion Section), Item C, to be consistent with the Life Annual Statement Instructions and VM-30.

K. Adopted its editorial listing.

Valuation of Securities (E) Task Force

The Valuation of Securities (E) Task Force met on August 12, 2025. The agenda can be found [here](#) and meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of 2025 Spring National Meeting Minutes

The minutes from the Spring National Meeting were adopted.

Discuss and Consider Adoption of:

- A. A Revised Proposed Amendment to the Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual) to Require the Filing of Private Rating Letter Rationale Reports Within 90 Days of the Annual Update or a Rating Change

Carrie Mears (IA) introduced the revised amendment and noted that the Task Force exposed the revised amendment for a 14-day public comment period ending June 18, following a prior 30-day exposure that ended April 25. She explained that, since January 1, 2024, privately rated securities require a corresponding private rating letter rationale report filed with the SVO to remain eligible for the filing-exemption process. The amendment sets a 90-day deadline to submit a new or updated rationale report after the required annual rating update or any rating change. A new report is not required for affirmations when the rating does not change. If the report is not filed within 90 days, the private rating becomes ineligible for filing exemption until the report is submitted. A motion to adopt the amendment was made and seconded, and the motion carried.

- B. Revised Proposed P&P Manual Amendment to Require that Private Rating Letter Rationale Reports Possess Analytical Substance

Carrie Mears (IA) introduced the revised amendment and noted that the Task Force exposed the revised amendment for a 14-day public comment period ending June 18, following a prior 30-day exposure that ended April 25. She explained that, since January 1, 2024, private rating letter rationale reports have been required to include sufficient analytical content, but some filings received by the Securities Valuation Office (SVO) have not met the definition of an analytical review as outlined in the P&P Manual. The amendment clarifies expectations to ensure the reports contain substantive analysis rather than minimal or incomplete content. A motion to adopt the amendment was made and seconded, and the motion carried.

- C. A Proposed P&P Manual Technical Amendment to Put Caps on NAIC Designations of Credit Rating Provider (CRP)-Rated Securities

Carrie Mears (IA) introduced the proposed technical amendment and noted that the Task Force exposed the amendment to put caps on NAIC designations of credit rating provider (CRP)-rated securities for a 33-day public comment period ending July 7. She explained that the amendment is intended to clarify the appropriate limits in order to preserve consistency and transparency in how NAIC designations are assigned. A motion to adopt the amendment was made and seconded, and the motion carried.

Discuss and Consider Exposure of:

- A. A Proposed P&P Manual Amendment to Permit a 30-Day Filing Grace Period to Provide the Private Rating Letter Annual Update

Carrie Mears (IA) introduced the amendment. Charles Therriault (NAIC) explained it would allow a 30-day grace period after a credit rating provider renews a private rating letter (PLR) to submit the annual update to the SVO, avoiding unnecessary deactivations late in the year, and clarified that the 30-day grace period applies to the PLR annual update, while the previously adopted 90-day requirement applies to filing the corresponding rationale report. The Task Force exposed the amendment for a 30-day public comment period ending September 12, 2025.

- B. A Proposed Annual Statement Schedule Update for Security Identifiers (IDs)

Charles Therriault (NAIC) introduced the proposed amendment, explaining that SVO analysis found a significant number of missing or invalid identifiers reported on Schedule D. To improve consistency and simplify validation, the amendment would consolidate identifiers into a single field with an accompanying type field and add a reporting field to flag unvalidated identifiers. The Task Force agreed to expose a memorandum summarizing the proposal for a 30-day public comment period ending September 12, 2025.

Receive NAIC Staff Reports on:

- A. The Proposed Collateralized Loan Obligation (CLO) Modeling Methodology

Carrie Mears (IA) noted that the Task Force previously extended the CLO modeling implementation date to align with the work of the RBC Investment Risk and Evaluation (E) Working Group and the American Academy of Actuaries. Eric Kolchinsky (NAIC) reported that the NAIC is technically ready to produce year-end 2025 results, with the ability to generate monthly informational reports, but acknowledged ongoing work by the Academy and RBC groups. It was noted that monitoring CLO exposures and broader asset-backed securities remains important while recognizing that several related initiatives are still underway. The Task Force agreed to defer implementation of the CLO modeling process for one additional year and directed NAIC staff to

prepare a P&P Manual amendment for exposure to a 30-day public comment period ending September 12, 2025.

B. The Projects of the Statutory Accounting Principles (E) Working Group

Julie Gann (NAIC) reported on recent actions of the Statutory Accounting Principles (E) Working Group. The group extended INT 23-01 on net negative IMR through year-end 2026 with clarifying edits and adopted an editorial revision removing an outdated ratings reference in SSAP No. 41. Exposures included new reporting requirements for private securities, standardized disclosures for debt securities and residual interests, and revisions allowing certain mortgage loan trusts to be reported as individual loans. The Working Group also proposed eliminating the investment subsidiary concept from Schedule D-6-1 and related RBC look-through provisions, effective year-end 2026.

C. The Impact of Moody's Ratings (Moody's) Downgrading the U.S. Government's Credit Rating

Carrie Mears (IA) reported that Moody's downgraded the U.S. government's credit rating from Aaa to Aa1, following earlier downgrades by Fitch (AAA to AA+) and S&P (AAA to AA+). They emphasized that U.S. government obligations remain fixed at an NAIC 1.A designation under the P&P Manual, so these rating changes do not affect NAIC treatment. No action was recommended, though the issue may be revisited if needed.

D. The CRP Rating Due Diligence Framework and Filing Exemption (FE) Discretion Projects

Charles Therriault (NAIC) reported that PwC was engaged in June 2025 to assist with development of the CRP rating due diligence framework. NAIC staff and PwC have established secure data access, issued a standardized ratings data call, and begun work on the framework's analytical component. For the filing exemption discretion project, initial requirements have been gathered, a vendor selected for secure data handling, and system enhancements are expected to begin in 2026. The projects aim to strengthen both the qualitative review of CRP methodologies and the quantitative mapping of ratings to NAIC designations.

E. Task Force Restructuring

The Financial Condition (E) Committee adopted a restructuring of the Valuation of Securities (E) Task Force into four new groups: the Invested Assets Task Force, the Investment Analysis Working Group, the SBO and SSE Working Group, and the Credit Rating Provider Working Group. This change will require updates to the P&P Manual to align titles and governance references. NAIC staff were directed to prepare amendments efficiently, with broader updates addressed as needed.

Financial Stability (E) Task Force

The Financial Stability (E) Task Force met on August 12, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of Minutes

The Task Force adopted its March 17 minutes.

Receive an FSOC Update

Ethan Sonnichsen (NAIC) gave an update on the Financial Stability Oversight Council (FSOC). He noted recent changes in Council membership and the priorities of Secretary Bessent. FSOC has focused on developments in markets including cyber risks, digital assets, commercial real estate, and private credit. Director Elizabeth Dwyer (RI) and representatives from the Federal Insurance Office gave a presentation on the homeowners insurance sector, emphasizing the impact of recent natural disasters and the resulting strain on affordability and availability. The Council discussed the broader implications for the housing market and financial stability. Mr. Sonnichsen also highlighted FSOC's increased focus on insurance-related risks and the importance of coordination with state regulators. He noted that FSOC is placing greater emphasis on data collection and analysis to identify vulnerabilities across financial sectors. The Task Force will continue to receive regular updates as FSOC's work progresses and intersects with insurance supervision.

Adoption of the Report of the Macroprudential (E) Working Group

Bob Kasinow (NY), chair of the Macroprudential (E) Working Group, presented the group's July 21 report. He noted that the group held an open call to discuss funding agreement-backed note (FABN) activity among life insurers. The discussion included how FABNs are structured, the use of foreign currency denominations, and the risks and reporting associated with these products. The NAIC provided its understanding of the activity, and ACLI gave additional context on the importance of FABNs for insurers and how the activity aligns with broader regulatory oversight and transparency goals. The group plans to continue this dialogue with interested parties in upcoming calls.

Mr. Kasinow also reported that the NAIC received the latest liquidity stress testing filings, most of which were on time, with one still outstanding. The filings are being analyzed and aggregated, with a full report expected in September and additional updates planned for the Fall National Meeting. He further highlighted the group's work on reinsurance, noting that members attended an education series on cross-border reinsurance covering products, reporting, accounting treatment, and risk-based capital. The Working Group will remain engaged with the Reinsurance

Task Force and other relevant groups. Finally, he reminded regulators that counterparty exposure and climate-affected investment dashboards are available as tools for financial analysis.

The Task Force adopted the report of the Macroprudential (E) Working Group and its July 21st minutes.

Receive an Update from the Valuation Analysis (E) Working Group

Fred Andersen (MN), chair of the Valuation Analysis (E) Working Group, provided an update on recent actuarial guideline work. He explained that the group's focus is on asset adequacy analysis, which tests whether life insurers hold enough reserves to pay claims under different scenarios. Over the past several years, this has led to guidelines addressing specific areas of concern: AG 51 for long-term care, AG 53 for complex assets, and AG 55 for reinsurance. AG 51 has helped regulators better understand long-term care reserve adequacy, especially for companies with large exposures, though questions remain about older-age morbidity and the approval of future rate increases. AG 53, adopted in 2022, addresses the risks of complex assets and has focused attention on net yield assumptions, reinsurance collectability, structured asset tranches, and coordination between actuaries and investment staff.

Mr. Andersen also reported that AG 55 was adopted last month by E committee and will be considered by the Executive Committee and Plenary for final approval. This guideline aims to maintain transparency in asset adequacy analysis after reinsurance transactions by requiring ceding companies to provide disclosures on reserve adequacy. The first filings are expected in April 2026. While AG 55 is disclosure-only, the Working Group has committed to reopening public discussion if significant concerns emerge from the filings.

International Update

Tim Nauheimer (NAIC) reported that the International Association of Insurance Supervisors (IAIS) published its Mid-Year Global Monitoring Exercise report, which along with the upcoming year-end report summarizes individual insurer and sector wide monitoring. Key themes for the December report include geo economic fragmentation, private credit, investments, and artificial intelligence, with continued work on cyber and climate risks. The IAIS also plans to publish a special topic paper on financial stability implications of natural catastrophe protection gaps. Mr. Nauheimer noted that the NAIC completed U.S. data submissions, covering aggregate insurance industry, reinsurance, and climate components, and thanked regulators who provided input on the risk assessments and questionnaires.

He also highlighted the IAIS Macroprudential Monitoring Working Group’s ongoing triennial review of its insurer assessment methodology, with updated documentation expected for use beginning in 2026. The Macroprudential Supervision Working Group is finalizing an issues paper on structural shifts in the insurance sector, expected later this year after review of more than 500 public comments. Mr. Nauheimer further noted the recent IAIS application paper on supervision of climate risks, which outlines how Insurance Core Principles may apply in this area, and recognized U.S. regulators serving in leadership roles within IAIS. He concluded his remarks by inviting questions from Task Force members.

Reinsurance (E) Task Force

The Reinsurance (E) Task Force met on August 11, 2025. The agenda can be found [here](#), and the meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of Meeting Minutes

The Task Force adopted its Spring National Meeting Minutes without discussion.

Adoption of 2026 Proposed Charges

The 2026 Proposed Charges for the Reinsurance (E) Task Force and the Reinsurance Financial Analysis (E) Working Group were adopted without discussion.

Adoption of the Report of the Reinsurance Financial Analysis (E) Working Group

Rolf Kaumann (CO) delivered the report of the Reinsurance Financial Analysis (E) Working Group. The Working Group met on March 12th, May 5th, and July 29th, where it approved several reciprocal jurisdiction reinsurers and certified reinsurer applications. The Working Group plans to meet several more times in 2025 to complete the approval process for reciprocal jurisdiction reinsurers and certified reinsurers. The Working Group has approved 101 reciprocal jurisdiction reinsurers and 42 certified reinsurers. In addition, 49 states and territories have passported a reciprocal jurisdiction reinsurer. The Working Group's report was adopted without further discussion.

Status Report on the Reinsurance Activities of the Mutual Recognition of Jurisdictions (E) Working Group

Robert Wake delivered a status report on the Reinsurance Activities of the Mutual Recognition of Jurisdictions (E) Working Group. Last Fall, the Working Group reapproved the status of the seven existing qualified jurisdictions – Bermuda, France, Germany, Ireland, Japan, Switzerland and the United Kingdom. The Working Group also reapproved the three reciprocal jurisdictions that are not automatically approved by virtue of a covered agreement – Bermuda, Japan, and Switzerland.

At the Task Force's Spring Meeting, Wake noted that Bermuda, Japan, and the United Kingdom have had changes and enhancements to their regulatory systems. These changes have been discussed by the Working Group and NAIC staff will continue to monitor the implementation of these changes and will report any findings back to the Working Group.

Ongoing NAIC Projects that Affect Reinsurance

- **Actuarial Guideline LV – (AG 55) Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties**

AG 55 is a proposal to require asset adequacy analysis to be performed using a cash flow testing methodology for certain life and reinsurance treaty transactions. Fred Anderson delivered a final update on the project. The regulatory focus is on gaining insight into reserve adequacy when business is ceded. This is a particular focus in cases involving U.S. policyholders where reinsurance may result in a lowering of transparency in terms of the amount of reserves held and the types and risks associated with the assets supporting reserves.

The developers of AG 55 established goals that had a high level of consensus:

- Provide U.S. state regulators with what is needed to review the reserves and solvency of U.S. life insurers
- Avoid conflict with reciprocal jurisdiction and covered agreement issues
- Prevent work by U.S. ceding companies where there is immaterial risk.

Anderson discussed changes made to AG 55 between March 2025 and August 2025. The changes include the following:

- AG 55 is disclosure only and any NAIC coordinated action would only follow reopening of public discussion on the guideline.
- Added clarification on what would constitute a “similar memorandum.” For instance, a memorandum already provided to the BMA may suffice with some supplementary information.
- AG 55 now states that certain nonaffiliated transactions may be eligible for capital testing exemption requests.
- Aggregation was clarified to be allowed between product lines if treaties for the same counterparty covered different products.
- Loosened restrictions regarding assets expected to support reserves.

The Life Actuarial (A) Task Force adopted AG 55 in June 2025, and it is expected to be adopted at the Summer Meeting by the Exec Committee.

- Offshore Life Reinsurance Discussions

Due to increased concerns regarding offshore reinsurance, the NAIC has worked to address these concerns with projects such as AG 55. However, the Task Force believes that there is more work that needs to be done in this area. Between the Spring National Meeting and the Summer Meeting, NAIC staff and key regulators held two regulator-only educational sessions where issues related to offshore reinsurance were discussed. The

NAIC will host another session to determine the next steps. Once these internal discussions are complete, the process and any proposals will be made public.

- Property/Casualty (P/C) Reinsurance Discussions

In July 2025, the NAIC held a roundtable discussion regarding P/C reinsurance for commissioners and senior regulators. These discussions were designed to deepen members' shared understanding of existing P/C reinsurance issues. The discussion focused on the recent California wildfires. Additionally, several commissioners, key regulators, and industry groups heavily involved in P/C issues gave presentations. The presentations described how reinsurance market dynamics are influencing primary insurance pricing and coverage decisions and what regulators can do to ensure that resilience mitigation and fair oversight are fully integrated into the system of state-based regulation.

- Other NAIC Projects

- Macro-Prudential Working Group created the new reinsurance worksheet. An optional tool for regulators to better understand reinsurance transactions.
- Macro-Prudential Working Group is still focused on its thirteen-point plan, a major focus of which is cross border reinsurance.
- Valuation Analysis (E) Working Group is on its third year of analysis of AG 53 reviews. AG 53 relates to asset adequacy testing for life insurers, and the Task Force's focus is primarily where AG 53 can impact covered agreements.

Discussion of a Proposal to Allow Ceded Unearned Premium Reserve Surety Bond for Unearned Premium Reinsurance Collateral

Representatives from Troutman, Pepper, Locke, on behalf of Roosevelt Road Specialty, discussed a proposal regarding unearned premium reinsurance collateral. The proposal was designed to allow a new type of surety bond to be allowed to provide a cedant with credit for reinsurance for a limited portion of its reserves under applicable insurance laws. As an alternative to a letter of credit, the proposal would allow ceded unearned premium reserve surety bonds to be used for unearned premium reinsurance collateral. During the discussion, the representatives noted that the surety bond in this instance was designed to function essentially as a letter or credit.

Representatives also argued that this proposal, if adopted, would allow reinsurers flexibility and the ability to deploy their assets more efficiently. Currently, these surety bonds do not meet any of the definitions of collateral included in the Credit for Reinsurance Model Law, but they would be covered under Section 3(d) of Model 785 as “any other form of security acceptable to the commissioner.” Each individual state commissioner would have to decide whether the surety bond is an acceptable form of collateral for credit for reinsurance purposes.

Discussion of Other Matters

No other matters were brought before the Task Force.

Capital Adequacy (E) Task Force

The Capital Adequacy (E) Task Force met on August 12, 2025. The agenda can be found [here](#), and the meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of Minutes

The Task Force adopted its June 30th, May 15th, and Spring National Meeting Minutes.

Adoption of Working Group Reports

The Task Force adopted the following Working Group Reports:

- Health Risk-Based Capital (E) Working Group

The Working Group met June 20, 2025, during which time the Working Group took the following actions:

- Discussed the 2024 health RBC statistics, which included 1,143 filings. The Working Group reported that twenty-one companies triggered an action level, and eighteen companies triggered the trend test.
- Extended the exposure of the Academy H2 – Underwriting Risk Component and managed care credit calculation in the Health RBC Formula Report to June 30
- Adopted its April 30 and Spring National Meeting minutes.

- Risk-Based Capital Investment Risk and Evaluation (E) Working Group

The Working Group met on June 23, 2025, and April 22, 2025.

- During its June meeting, the Working Group:
 - Discussed comment letters received on the ACLI's RBC Principles for bond funds presentation and the NAIC's memorandum of bond funds reported in in 2023 annual statement filings.
 - Exposed proposal 2025-12-IRE (SVO Fund Alignment Project) for a 30-day comment period.
- During its April meeting, the Working Group met in joint session with the Statutory Accounting Principles (E) Working Group and Valuation of Securities (E) Task Force to discuss the review of residual tranches and/or interests data reported by insurance companies in their 2024 annual statement and RBC filings.

- Life Risk-Based Capital (E) Working Group

The Working Group met several times this year. During its July 21st meeting, in joint session with the Variable Annuities Capital and Reserve (E/A) Subgroup, the Working Group:

- Discussed comments received from the American Academy of Actuaries and the ACLI on a presentation prepared by NAIC staff to solicit feedback on potential changes to the C-3 Phase I and C-3 Phase II capital metric, as well as other changes to methodology.
- Exposed Proposal 2025-14-L for a 30-day public comment period ending August 20.

- Property and Casualty Risk-Based Capital (E) Working Group

The Working Group and the Catastrophe Risk (E) Subgroup conducted an e-vote that concluded on June 30, 2025. During this e-vote, the Working Group and Subgroup adopted its June 11th, May 2nd, and Spring National Meeting minutes.

Adoption of the Health, Life, and Property and Casualty (P/C) Newsletters

The 2025 Health, Life, and P/C Newsletter encompass all the proposals adopted by the Working Group and Task Force for year end 2025 Health, Life, and P/C RBC Forecasting Instructions Publications. The purpose of this adoption is to review the Newsletters' content; the format of the newsletter will be updated later. The adopted versions will be posted on the Working Group's webpage in September.

The Newsletters were adopted without discussion.

Discussion of Preamble Issues

The Task Force discussed issues related to revisions of the Risk-Based Capital Preamble Proposal, as well as industry comments received regarding the Proposal and the RBC Purposes and Guideline Ad Hoc Subgroup Summaries.

The Task Force's discussion focused on the different perspectives regarding the use of RBC. The primary focus of the discussion was the degree to which the use of RBC should be limited. The original purpose of RBC was limited to identifying potentially weakly capitalized companies in order to facilitate regulatory action and oversight. Some regulators and other interested parties share this perspective and, essentially, believe that RBC should only be used when a company is subject to very close scrutiny by a commissioner or during court proceedings when a company needs to be put into rehabilitation. The Task Force highlighted that, on the other hand, many regulators and interested parties feel there are other uses for RBC that have already been made

and will be made in the future. For example, RBC is used in capital markets to signal dividend capability in support of publicly traded companies or holding company systems.

The Task Force stated that the differing views on the use of RBC can make it difficult to update RBC regulations. The Task Force encouraged those who hold different perspectives to compromise regarding the use of RBC. To that end, the Task Force is expected to meet in October to discuss. The purpose of the call is to finalize the revisions to the Preamble for exposure and adoption. If any interested parties wish to add to or refine their comments, the Task Force asked that any comments be submitted two weeks prior to the call. The Task Force asked that any comments include a redline of the actual language in the proposal. A date for the call will be announced soon.

Discussion of Other Matters

No other matters were brought before the Task Force.

International Insurance Relations (G) Committee

The International Insurance Relations (G) Committee met on August 11, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of May 22 and Spring National Meeting Minutes

The Committee adopted the minutes from its May 22, 2025, virtual meeting and the 2025 Spring National Meeting.

Adoption of the Report of the Aggregation Method Implementation (G) Working Group

The Committee adopted the report of the Aggregation Method Implementation (G) Working Group, which met August 11, 2025. Commissioner Andrew Mais (CT), chair, reported that the group approved minutes of prior meetings and discussed a review of U.S. group capital regulation for potential comparable implementation of the International Capital Standard (ICS). The review focuses on two issues from the comparability assessment: sensitivity to changes in interest rates and the timing of supervisory intervention. A stakeholder group of more than two dozen individuals is providing technical input, with work divided into four areas: valuation, scales, statistics, and other tools, each producing a short reference paper for finalizing the Aggregation Method.

The Working Group also considered the approach to scaling in the final Aggregation Method. While a provisional approach was used during the comparability assessment, further testing was conducted to identify a method that is “meaningful from a credential point of view, relevant for the monitoring of financial soundness, and that provides for comparable outcomes to the ICS.” The group recommended using an excess relative ratio approach calibrated to 200 percent of the RBC authorized control level, consistent with the Group Capital Calculation methodology, and unanimously adopted the recommendation.

Discuss NAIC Comments on the International Association of Insurance Supervisors (IAIS) Public Consultation on the Review of the Global Monitoring Exercise (GME) and the Individual Insurer Monitoring (IIM) Assessment Methodology

The Committee approved NAIC comments on the IAIS public consultation regarding the review of the GME and IIM assessment methodology. Director Eric Dunning (NE) noted that the GME, a core element of the IAIS holistic framework, identifies systemic risks in the global insurance sector and includes an annual IIM assessment of individual insurers. The methodology is reviewed every three years, with this consultation addressing changes for the 2026–2028 cycle.

Ryan Workman (NAIC) highlighted key points in the NAIC's comments, including support with caution for using the Level 3 assets indicator for liquidity, consideration of adding a complexity category, adjusting the insurance liquidity ratio indicator weighting, increasing asset thresholds for inflation with flexibility, and enhancing regional balance while keeping the IIM and sector-wide monitoring distinct. Additional recommendations included clarifying group-wide supervisor roles in insurer pool selection, addressing repeated reviews of unchanged companies, and maintaining confidentiality in public reporting while reconsidering the need for a midyear report.

Hear an Update on International Association of Insurance Supervisors (IAIS) Activities

The Committee heard an update from Commissioner Justin Zimmerman (NJ) on IAIS activities. He reported that, with the ICS finalized and the Aggregation Method comparability assessment complete, the focus has shifted to implementation. The IAIS published high-level principles for the ICS implementation assessment on July 2nd and will hold a stakeholder event on September 9, aiming to finalize the methodology in 2026 for jurisdictional assessments beginning in 2027. Work is also underway on ComFrame reporting and disclosure requirements, with public consultation planned for late 2025. The IAIS has launched a peer review of Insurance Core Principle 13 (reinsurance and other risk transfer) with several U.S. states participating and continues progress monitoring under the holistic framework. Commissioner Zimmerman also noted recent IAIS publications on consumer protection, AI supervision, and a draft operational resilience toolkit now under NAIC review.

Update on International Cooperation Activities

The Committee heard an update from Commissioner Timothy J. Temple (LA) on international cooperation activities. He reported on regional supervisory cooperation efforts, including ongoing work to strengthen collaboration among jurisdictions. He also provided an update on the Organization for Economic Co-operation and Development (OECD), noting recent initiatives relevant to the insurance sector. Finally, he reported on the activities of the Sustainable Insurance Forum (SIF), highlighting its continued work on sustainability and climate-related insurance issues.

Innovation, Cybersecurity and Technology (H) Committee

The Innovation, Cybersecurity, and Technology (H) Committee met on August 13, 2025. The agenda can be found [here](#), and the meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of Minutes

The Committee adopted its Spring National Meeting minutes without discussion.

Adoption of Working Group Reports

The Committee adopted the following Working Group Reports without discussion:

- A. Big Data and Artificial Intelligence (H) Working Group
- B. Cybersecurity (H) Working Group
- C. Data Call Study Group
- D. Privacy Protections (H) Working Group
- E. SupTech/GovTech (H) Subgroup
- F. Third-Party Data and Models (H) Working Group

Presentation from Sixfold on Human-Centered Use of Artificial Intelligence (AI)

Jane Tran (Sixfold) gave a presentation on human-centered use of AI by insurers. Sixfold is an AI platform that assists underwriters. The AI platform's objectives are to develop a systematic bias detection methodology for nondecision AI systems, to ensure consistent treatment of identical medical cases across demographics, and to meet legislation compliance requirements. The platform accomplishes these objectives by counterfactual testing methods and assessing consistency in fact highlighting and summary framing.

Tran ended her remarks by discussing AI model governance. According to Tran, governance still anchors on the core principles of explainability and accountability. Insurers are starting to consider how to embed regulatory AI expectations in third-party partnerships. Tran emphasized the importance of insurers receiving more guidance on how to test AI models.

International Actuarial Association (IAA) Update on its AI Governance Framework

Dorothy Andrews (NAIC) gave an update on the IIA's AI Governance Framework. Andrews' presentation covered the purpose of the framework, the importance of AI governance, the key components of the framework, AI model lifecycle governance, bias, fairness, and unfair discrimination, algorithmic bias, and training and education opportunities.

The purpose of the IIA framework is to share common themes across many governance frameworks and to provide educational material that helps actuaries in safeguarding responsible AI, while raising awareness of the risks that need to be managed when designing, developing, implementing, and using AI systems. Andrews also discussed the importance of AI governance. There is a need for AI governance because of the potential for harmful bias, unintentional “behavior” of AI, misuse of data and models, the need to address errors and weaknesses in AI, the need to maintain consistency processes and services, and the need to meet regulatory expectations and requirements. Andrews stressed that governance is not enemy of innovation, rather it is a catalyst for AI’s sound development. Without a strong governance framework, data and models are susceptible to misuse whether it is intentional or not.

Next, Andrews discussed the ten key components of the framework: (1) roles and responsibilities, (2) board of directors, (3) committees and policies, (4) key functions, (5) model owners, (6) model risk ratings, (7) governance and risk management processes, (8) independent validation of AI models, (9) third-party vendor AI models and data, and (10) human supervision and oversight. The framework advocates for a risk-based view with model risk with three levels of oversight: (1) board of directors, who bear the ultimate responsibility for the use of AI, and who need to implement clear communication about the strategy for AI policies; (2) committees and policies, who may need to revise AI policies and procedures to ensure the development and use of responsible AI; and (3) key oversight functions, such as risk management, compliance, and audit functions.

Model owners ensure the model meets specific business objectives, aligns with strategic goals, complies with regulations and internal policies, and remains effective in its purpose. Model risk rating methodology aids in classifying models as low, medium, or high risk. Typically, the methodology includes risk criteria, such as adverse financial impact and degree of complexity, to assess risk. Governance and risk management processes include risk identification, risk mitigation, and risk reporting infrastructure. Andrews emphasized that the importance of independent validation of AI models cannot be overstated. Establishing appropriate human oversight of AI systems is critical to ensuring AI functions as intended and does not produce adverse effects. Human oversight involves direct involvement in the design, operation, maintenance, adoption, or application of AI systems.

Andrews also discussed algorithmic bias. Andrews described “algorithmic bias,” as bias that is associated with the use of an algorithm but not caused by the algorithm. The algorithm is the vehicle through which bias is passed. Algorithmic bias is not caused by the algorithm itself, but by how the data science team collects and codes the training data. Specific causes of algorithmic bias include biases in training data, algorithm design, proxy data, and evaluation.

Andrews closed her remarks by discussion training and education. When it comes to training and education, no one in an organization should be left out. Education and training must be ongoing,

and its effectiveness must be measured to ensure understanding and compliance with the provision of the AI governance framework.

Discuss Other Matters

There were no other matters brought before the Committee.

Big Data and Artificial Intelligence (H) Working Group

The Big Data and Artificial Intelligence (H) Working Group met on August 12, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of its July 16 Minutes

The July 16th meeting minutes were adopted.

Comments from Interested Parties on their Responses to the Request for Information on a Possible AI Model Law

Prior to comments from the interested parties. The chair of the Working Group stated the purpose of the RFI is to move the conversation forward and determine if the working group will be moving forward with the drafting of an AI model law.

The following groups gave verbal comments on their previously submitted written comments:

Various State Insurance Departments

Representatives for the following insurance department gave comments: New Hampshire, Virginia, and Colorado. A representative from New Hampshire Department of Insurance expressed concerns about moving forward with drafting an AI model law before consulting with states that adopted the AI model bulletin. A representative of the Virginia Department of Insurance stated that the Working Group should focus its efforts on increasing state adoption of the AI bulletin. Virginia also recommended a “wait and see” approach with drafting and developing an AI model law. A representative of the Colorado Department of Insurance is in support of the discussion around the drafting and adoption of an AI model law.

NAIC Consumer Representatives

The NAIC consumer representatives expressed support for the development of an AI Model Law and advocated for increased consumer rights and transparency. Regarding the use of AI in health insurance, the NAIC consumer representatives would like to see the Working Group focus on the use of AI in prior authorization. Commenters stated robust regulation is needed to provide support for consumers. They also emphasized the importance of transparency around data quality, especially in health insurance.

Health Provider Groups

The comments from this group focused on the rapid use of AI in the healthcare industry. There is strong support for an AI Model Law. This group relayed that AI should not replace medical decision making and that the patient should always come first. The groups also focused on the relationship between AI and policy coverage decisions for patients. There is disagreement with AI

being used to make policy coverage decisions without input from a human being prior to claim denial.

Insurance Companies/Trade Organizations

The comments from this group centered around not supporting an AI Model Law at this time. Representatives from the Insurance Companies/ Trade Organizations would like to see the working group focus on increasing the adoption of the AI Model Bulletin. Representatives from this group stated that current insurance laws and regulations are equipped to address issues related to AI and would like for the working group to review current legislation prior to drafting a model law to eliminate any duplicative actions.

InsurTech

The commenters from this group believe that the development of the AI Model Law is premature and would like to see the Working Group focus on governance and understanding the current technology.

Advisory Org & Consultants

The comments from this group were in support of the development of an AI Model Law. The commenters expressed interest in the AI Model Law addressing transparency and having broad foundational standards applicable to all insurance companies. The commenters would like for the potential AI model law to have sound risk-based support and be applicable to third-party vendors.

Discuss Next Steps for the Development of the Artificial Intelligence (AI) Systems Evaluation Tool

The AI Systems Evaluation Tool was originally exposed for 30 days; the comment period is now extended to September 5th. The working group is seeking feedback from states and is expecting to use an interim meeting to discuss any feedback.

Any Other Matters Brought Before the Working Group

The Working Group chair ended the meeting by recommending a more robust conversation with leadership and possibly having the discussion at one of the NAIC fall events.

Cybersecurity (H) Working Group

The Cybersecurity (H) Working Group met on August 11, 2025. The agenda can be found [here](#). The meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of its July 15 and March 13 Minutes

The July 15th and March 13th meeting minutes were adopted.

Discuss the Chief Financial Regulator Forum Referral and Response

The Working Group heard verbal comments from Working Group members and interested parties on their response to the Model #668 compliance and enforcement guide. The Working Group also received verbal feedback from trade partners, APCIA and ACLI. Both groups are appreciative of the work on model law and support the goal of providing consistent regulation. Both the APCIA and ACLI asked for more time to review the updated version to give members more time to review and give comments.

The Working Group will not move forward at this time to allow ACLI members time to review the updated version.

Discuss the Cybersecurity Event Notification Portal Project Memorandum

The working group discussed the Cybersecurity Event Notification Portal Project Memorandum. It was highlighted in the discussion that state laws vary on notification requirements for a cybersecurity event. The Working Group also briefly discussed the research conducted to determine the feasibility of the portal. The portal must be designed to meet all the various statutory nuances; therefore, it is a complex process.

The Working Group discussed steps for moving forward with the portal. The Working Group will continue to conduct legal research to identify all the legal requirements for cybersecurity event notifications. The goal is for the portal to be ISDEAM compliant. The Working Group is open to feedback and is exploring whether the NAIC will need access to the portal. If so, this could present various concerns regarding security. The Working Group would like to address all issues prior to finalizing plans to build the portal. As the project advances, the NAIC would like to meet with stakeholders to better understand industry notification practices.

Present and Discuss Changes Made to the Cybersecurity Supplement for 2024

The Working Group discussed the changes to the Cybersecurity Supplement for 2024. One of the most notable changes to the supplement is that it no longer tracks identity theft. Changes were

also made to the content collected from industry. An effort was made to streamline the content collected to match industry data. The goal is to provide a clear picture for regulators to determine what coverage is being written. The Working Group is open to input from any members of the industry who are familiar with the topic and the Working Group would like to hear any feedback regarding potential changes for next year.

Discuss Any Other Matters Brought Before the Working Group

Michael Peterson (VA) discussed future plans for the Working Group. The goal of the Working Group is to obtain convergence with regulatory information and the tools used by regulators.

Third-Party Data and Models (H) Working Group

The Third-Party Data and Models (H) Working Group met on August 13, 2025. The agenda can be found [here](#), and the meeting materials can be found [here](#). Below is a summary of the meeting:

Adoption of Minutes

The Working Group adopted its July 10th and May 22nd meeting minutes without discussion.

Discuss a Draft of Third-Party Vendor Definition

Nicole Crockett (FL) led a discussion regarding the development of a working definition of “Third-Party Data and Model Vendor.” The focus of the discussion was on the proposed definitions of three terms: “Third-Party Vendor,” “Data Vendor,” and “Model Vendor.” The proposed definitions for these terms are below along with a summary of the discussion regarding each proposed definition.

- **Third-Party Vendor**

“Third-Party Vendor” means “an organization other than the insurer.” The proposed definition includes “agents, brokers, producers, and reinsurers contracted with insurers only if third-party vendor services are provided.” The definition excludes governmental entities providing consumer public records data to insurers.

Interested parties expressed concerns about including “agents, brokers, producers, and reinsurers” in the definition of “third-party vendor.” Crockett stated that removing those entities from the definition is under consideration; however, members of the Working Group stated that there needs to be further discussion regarding how best to include within the definition “agents, brokers, producers, and reinsurers” that contract with insurers to provide third-party vendor services. Interested parties also asked about compliance requirements for third-party vendors that are already licensed. The Working Group stated that the ultimate goal is to not enforce duplicative efforts on companies that are already licensed. There was also a recommendation from an interested party that the MIB be explicitly excluded from the proposed definition.

- **Data Vendor**

“Data Vendor” means an entity that “maintains, processes, stores, and provides consumer data.” Crockett discussed activities that would make an entity a “data vendor,” which included providing data to insurers, selling external consumer data to insurers, and contracting with an insurer licensee or an affiliate of an insurer licensee. In drafting the definition of “data vendor,” the Working Group took a cautious approach. Because “data

vendor” is already defined in multiple areas, including Model Law 668 (Data Security Law) and Draft Model Law 672 (Privacy Protection Act), the Working Group attempted to tie in both definitions to avoid inconsistencies with those model laws.

Regulators and interested parties expressed concerns over the broadness of the definition.

- Model Vendor

“Model Vendor” is an entity that “develops or licenses AI tools including predictive models for insurers’ use.” Crocket discussed activities that would make an entity a “model vendor” under the proposed definition, which include developing or licensing predictive models or AI systems, providing algorithms or predictive models to insurers for use in an insurance practice, or developing or licensing models.

Regulators and interested parties recommended changing the wording of the proposed definition of “model vendor” because it reads as if predictive models are a subset of AI tools. However, there are many predictive models which are not AI and should not be classified as such. There were also questions raised regarding the scope of the proposed definition. Specifically, regulators asked whether big tech vendors, such as Google or Facebook, would be considered “model vendors” under certain circumstances. The Working Group acknowledged that there are potential scenarios where a big tech vendor could fall under the proposed definition but emphasized that the proposed definition was in its introductory form and the Working Group plans to add clarifying terminology and additional definitions.

The final topic of discussion was the potential to limit the focus of third-party work to specific insurer operations, currently limited to pricing, underwriting, claims processing, and/or fraud detection. The Working Group stated that one way to limit the scope would be to limit the third party’s framework to the insurer operations that have the greatest risk.

Discussion of Next Steps

The Working Group emphasized that this is a working definition, and it is subject to change. The Working Group plans to incorporate the comments received and incorporate them into a definition that will be exposed for comments from Working Group members and interested parties.

Discussion of Other Matters

No other matters were brought before the Working Group.