

CLIENT ALERT

Preview: 2023 NAIC Spring National Meeting

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The National Association of Insurance Commissioners (the “NAIC”) will hold its 2023 Spring National Meeting (the “Spring National Meeting”) from March 21-25, 2023 in a hybrid format, with meetings taking place virtually and in Louisville, Kentucky. A group of Willkie attorneys will attend the Spring National Meeting in person to follow the key topics listed below, among others.

A link to the full agenda for this meeting is available [here](#). Please contact any of the attorneys listed below if you would like to discuss these or other topics before or after the Spring National Meeting.

I. **Financial Condition (E) Committee** (Friday, March 24, 1:30pm ET)

The Financial Condition (E) Committee will receive updates from its task forces and working groups, including the following:

- **Statutory Accounting Principles (E) Working Group.** The Statutory Accounting Principles (E) Working Group (“SAPWG”) will discuss topics including: (i) comments received on the proposed revisions to *SSAP No. 26-R—Bonds* and *SSAP No. 43R—Asset-Backed Securities* and other documents detailing bond reporting changes on companies’ annual statutory financial statements, pursuant to the NAIC’s Principles-Based Bond Definition Project; (ii) comments on an agenda item seeking input from interested parties on the impact in a rising interest rate environment of the nonadmittance of disallowed interest maintenance reserve (IMR) within statutory accounting; (iii) proposed revisions to *SSAP No. 43R—Loan-Backed and Structured Securities* to reflect changes adopted by the Valuation of Securities (E) Task Force (“VOSTF”) on February 21, 2023, to include collateralized

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loan obligations (“CLOs”) in the Securities Valuation Office (“SVO”) financial modeling process; and (iv) a February 13, 2023 referral from VOSTF related to new market data fields to be added to the annual statement instructions, as part of the SVO’s stated goal of reducing reliance on rating agencies when evaluating new, structured, or alternative asset classes.

- Valuation of Securities (E) Task Force. VOSTF will discuss topics including: (i) comments received on, and the potential adoption of, a proposed amendment to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* regarding “structured equity and funds” investments; (ii) next steps for the CLO modeling project, including the formation of an ad-hoc group to resolve and clarify technical and modeling issues; and (iii) a proposed request for information from credit rating providers that provide ratings used by the NAIC for regulatory purposes.
- Financial Stability (E) Task Force and the Macroprudential (E) Working Group. In a joint session, we expect the Financial Stability (E) Task Force and the Macroprudential (E) Working Group to hear updates related to: (i) the 13 Regulatory Considerations Applicable (But Not Exclusive) to Private Equity Owned Insurers; (ii) principle-based reserving and asset adequacy analysis; and (iii) the Financial Stability Oversight Council and international matters.
- Risk-Focused Surveillance (E) Working Group. The Risk-Focused Surveillance (E) Working Group will discuss and consider exposing for comment new proposed revisions to the *Financial Analysis Handbook* and the *Financial Condition Examiners Handbook* to update guidance related to transactions and service agreements with affiliates. The proposed revisions as of March 12, 2023 are available [here](#).

II. **Innovation, Cybersecurity, and Technology (H) Committee** (Wednesday, March 22, 2:15pm ET)

The Innovation, Cybersecurity, and Technology (H) Committee will continue discussing the development of a regulatory framework for the use of artificial intelligence and machine learning (“AI/ML”) by the insurance industry in the form of a model interpretive bulletin. The (H) Committee will also receive updates from its working groups, including the following:

- Big Data and Artificial Intelligence (H) Working Group. The Big Data and Artificial Intelligence (H) Working Group will receive updates on its ongoing survey work related to the insurance industry’s use of AI/ML, including the AI/ML Homeowners survey, the AI/ML Private Passenger Auto survey and the AI/ML Life Insurance survey. The Working Group will also discuss comments on the proposed regulatory framework document, which contains examination standards and questions that regulators can use to obtain information about AI/ML models and data used in such models from insurers and third parties.
- Privacy Protections (H) Working Group. The Privacy Protections (H) Working Group will discuss comments received on an exposure draft of a new *Insurance Consumer Privacy Protection Model Law* (#674). The goal of

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Model 674 is to replace two existing NAIC Model Laws – the *Insurance Information and Privacy Protection Model Act* (#670) and the *Privacy of Consumer Financial and Health Information Regulation* (#672) – with an improved and modernized model law that incorporates key concepts in existing privacy and data protection laws, as discussed in our Client Alert available [here](#).

III. **Financial Regulation Standards and Accreditation (F) Committee** (Wednesday, March 22, 9:00am ET).

Following the 2021 Fall National Meeting, the Financial Regulation Standards and Accreditation (F) Committee exposed the NAIC's 2020 amendments to the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450), which implement the group capital calculation and the liquidity stress test requirements, as an NAIC state accreditation standard, as discussed [here](#). The (F) Committee will discuss comments received on the proposed accreditation standard.

IV. **Special (EX) Committee on Race and Insurance** (Thursday, March 23, 1:15pm ET)

The Special (EX) Committee on Race and Insurance is expected to hear an update on the activities of its workstreams related to: (i) race, diversity and inclusion within the insurance sector; (ii) race, diversity and inclusion in access to the insurance sector and insurance products; and (iii) practices within the insurance sector that potentially disadvantage people of color and/or historically underrepresented groups.

V. **International Insurance Relations (G) Committee** (Wednesday, March 22, 4:00pm ET)

The International Insurance Relations (G) Committee will discuss the progress of initiatives underway at the International Association of Insurance Supervisors ("[IAIS](#)"), such as the IAIS' recent announcement that it has finalized the criteria it will use to determine whether the aggregation method, which forms part of the NAIC's group capital calculation, produces comparable outcomes to the Insurance Capital Standard, the IAIS' group-wide capital standard for internationally active insurance groups. The (G) Committee will also hear updates on the work of other international organizations, such as the Sustainable Insurance Forum.

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If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

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