

CLIENT ALERT

# Preview: NAIC 2023 Fall National Meeting

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## NAIC Fall 2023 National Meeting Preview

The National Association of Insurance Commissioners (the “NAIC”) will hold its 2023 Fall National Meeting (the “Fall National Meeting”) from November 30 to December 4, 2023. This meeting will be in a hybrid format, with meetings taking place virtually and in person in Orlando, Florida. Willkie attorneys will attend the Fall National Meeting 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 Fall National Meeting.

1. **The Financial Condition (E) Committee** will receive oral comments on the Committee’s previously exposed Holistic Framework for Regulation of Insurer Investments. In addition:

- **The Statutory Accounting Principles (E) Working Group (“SAPWG”)** will hear comments on previously exposed items, notably including the new market tax credits issue paper, revisions to *Statement of Statutory Accounting Principles (SSAP) No. 21R—Other Admitted Assets* related to the Bond Project (which project is intended to clarify which securities should be reported as a bond on Schedule D-1 (Long-Term Bonds) of an insurance company’s statutory financial statements and to improve accounting and reporting of these investments) and *Interpretation (INT) 23-04* on receivables from a life reinsurer in liquidation, along with new items for exposure.
- **Joint Meeting of the Financial Stability (E) Task Force & the Macroprudential (E) Working Group:** In a joint session, the Financial Stability (E) Task Force and the Macroprudential (E) Working Group will consider adoption

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of the proposed 2023 Liquidity Stress Testing Framework (LST Framework). The Task Force and Working Group will hear updates related to the Financial Stability Oversight Council's proposed analytic framework for financial stability risk and interpretive guidance on designating non-bank financial companies as systemically important financial institutions for Federal Reserve supervision and enhanced prudential standards. The Macroprudential (E) Working Group and Valuation Analysis (E) Working Group will also provide updates.

- **Joint Meeting of the Property and Casualty Risk-Based Capital (E) Working Group and the Catastrophe Risk (E) Subgroup of the Capital Adequacy (E) Task Force:** In a joint session, the Property and Casualty Risk-Based Capital (E) Working Group and the Catastrophe Risk (E) Subgroup will consider adoption of proposal 2023-16-CR (2023 Cat Event Lists) and the exposure of two other proposals: 2023-14-P (Pet Insurance) and 2023-15-CR (Convective Storm for Informational Purposes Only Structure). During this meeting, they will also discuss a referral from the Reinsurance (E) Task Force regarding the addition of new disclosures for the Catastrophe Reinsurance Program in the property/casualty risk-based capital (RBC) formula and a report from the American Academy of Actuaries titled "Update to Property and Casualty Risk-Based Capital Underwriting Factors and Investment Income Adjustment Factors." In addition, the groups will hear a wildfire peril impact analysis and receive an update from the Convective Storm Model Review Ad Hoc Group.
- **The Valuation of Securities (E) Task Force ("VOSTF")** will receive a referral from SAPWG on a Schedule BA proposal for non-bond debt securities and will discuss comments to and consider exposure of proposed amendments to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. These amendments would update the definition of an NAIC Designation; revise the procedure authorizing the NAIC Securities Valuation Office's (SVO) discretion over NAIC designations assigned through the filing exemption ("FE") process; add a practical expedient to determine the issue date for private letter rating filings; and exclude whole portfolio hedging of interest rate or currency risk to fund investments from the current 10% derivatives limit. VOSTF will also hear reports on the proposed collateralized loan obligation (CLO) modeling methodology and the CLO Ad Hoc Working Group; the history of FE; and the SAPWG's projects.

2. **The Innovation, Cybersecurity, and Technology (H) Committee** will discuss committee-level projects, including the Model Bulletin on the Use of Artificial Intelligence Systems by Insurers, as previously reported [here](#). In addition:

- **The Big Data and Artificial Intelligence (H) Working Group** will receive a report pertaining to the life artificial intelligence/machine learning survey along with updates on the use of big data and artificial intelligence within the insurance industry.
- **The Privacy Protections (H) Working Group** will receive updates on federal and state privacy legislation and the *Insurance Consumer Privacy Protection Model Law* (#674). We expect that the Working Group will provide an

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updated timeline for the next exposure draft of Model 674, as it has been working through numerous comment letters since the Summer National Meeting.

3. **The Executive (EX) Committee** will receive progress reports on NAIC models currently under development. During the joint meeting of the Executive (EX) Committee and Plenary, NAIC Members will consider adoption of the reports of its eight standing committees, including revisions to the Part A Insurance Holding Company Systems accreditation standard. In addition, **the Climate and Resiliency (EX) Task Force** will hear presentations on carbon capture and parametric insurance, receive updates from its Climate Risk Disclosure and Solvency Workstreams and hear about federal and international climate initiatives.

4. **The International Insurance Relations (G) Committee** will discuss the progress of initiatives underway at the International Association of Insurance Supervisors (IAIS), such as the implementation and the assessment of the updated Insurance Core Principles (ICPs), the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) and the holistic framework for systemic risk assessment, as well as hear about the IAIS's work related to the comparability of the global insurance capital standard (ICS) and the aggregation method (AM), and the management of emerging risks in the insurance sector.

5. **The Life Insurance and Annuities (A) Committee** will hear a presentation about financial literacy and life insurance from the consumer perspective by NAIC-funded consumer representatives Birny Birnbaum of the Center for Economic Justice and Brenda J. Cude of the University of Georgia. The (A) Committee's Life Actuarial (A) Task Force will continue the development of requirements for principle-based reserving (PBR), and will discuss *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53) and the Generator of Economic Scenarios project.

6. **The Property and Casualty Insurance (C) Committee** will hear presentations on issues related to the use of telematics in auto insurance, and on third-party funding of litigation. It will also provide an update on the state regulator data call regarding homeowners insurance. In addition:

- **The Catastrophe Insurance (C) Working Group and the NAIC/Federal Emergency Management Agency (FEMA) (C) Advisory Group** will meet in a joint session to hear a presentation from FEMA and from some states regarding catastrophe mitigation programs. It will also consider how insurers can provide the correct letter to send to FEMA to speed up individual assistance, and discuss the next FEMA roundtable for Region and other recent and future state and FEMA regional meetings.

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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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