

CLIENT ALERT

Preview: NAIC Summer 2024 National Meeting

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The National Association of Insurance Commissioners (the “NAIC”) will hold its 2024 Summer National Meeting (the “Summer National Meeting”) from August 12 to August 15, 2024. This meeting will be in a hybrid format, with meetings taking place virtually and in person in Chicago, Illinois. Willkie attorneys will attend the Summer 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 Summer National Meeting.

- **The Financial Condition (E) Committee ((E) Committee)** will discuss comments received related to the proposed *Framework for Regulation of Insurer Investments – A Holistic Review* (the “Insurer Investment Framework”). The primary objective of the Insurer Investment Framework is to highlight areas where the insurance regulatory framework could be enhanced in order to strengthen oversight of insurers’ investments in complex assets, taking into account feedback on the NAIC’s current workstreams related to insurer investments and the limited resources of state regulators. The (E) Committee will also hear a presentation on commercial mortgage-backed securities. In addition, below are the expected activities of its working groups and task forces at the Summer National Meeting:
 - **The Statutory Accounting Principles (E) Working Group (SAPWG)** will hear comments on previously exposed items, including risk transfer analysis for combination reinsurance contracts, new funds withheld and modified coinsurance reporting, and improvements to income tax disclosures, and book value separate accounts, and consider new items for exposure. SAPWG will hear an update on the implementation of the NAIC’s principles-based bond project (the “Bond Project”) and consider adopting the Bond Project issue paper,

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which has recently been revised to clarify the accounting treatment of debt securities issued by feeder funds. Additionally, SAPWG will receive an update from the Interest Maintenance Reserve Ad Hoc Subgroup.

- **The Capital Adequacy (E) Task Force** will consider exposure of its 2025 proposed charges and procedures, related to capital requirements for all types of insurers.
- **The Valuation of Securities (E) Task Force (VOSTF)** will consider for adoption proposed amendments to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual)* previously discussed at the NAIC's 2024 Spring National Meeting, including revised updates to the definition of an NAIC Designation and revisions to the proposed procedure authorizing the NAIC Securities Valuation Office's discretion over NAIC designations assigned based on credit rating provider ratings. VOSTF will also consider for exposure proposed "non-substantive" amendments to the *P&P Manual*, including a requirement for annual reviews of regulatory transactions and an updated list of NAIC Credit Rating Providers, and receive a report on the modeling methodology for collateralized loan obligations.
- **The Risk-Based Capital Investment Risk and Evaluation (E) Working Group** will discuss next steps on key projects, such as the development of a permanent risk-based capital factor for structured security residual tranches.
- **The Innovation, Cybersecurity, and Technology (H) Committee** will hear presentations on AI-related research and developments, and receive updates from its working groups and task forces:
 - **The Cybersecurity (H) Working Group** will hear a panel discussion on the current state of the cyber insurance market, including emerging trends, challenges, and opportunities from the perspective of insurers, reinsurers, and brokers.
 - **The Third-Party Data and Models (H) Task Force** will hear presentations on selected reference regulatory frameworks, highlighting aspects and components that will help formulate a third-party AI systems regulatory framework.
 - **The Technology, Innovation, and InsurTech (H) Working Group** will hear an overview of the state of InsurTech in the U.S. insurance industry.
 - **The Privacy Protections (H) Working Group** will discuss its work and planned next steps on the *Privacy of Consumer Financial and Health Information Regulation Model Law (#672)*, which is being updated to address modern privacy concerns.

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- **The Executive (EX) Committee** may consider adoption of Requests for NAIC Model Law Development that are currently pending with sponsoring letter committees. The (EX) Committee will receive reports on the New Avenues to Insurance Careers Foundation and on NAIC models currently under development, consider adoption of revisions to the NAIC Consumer Participation Plan of Operation and hear updates from the Interstate Insurance Product Regulation Commission (Compact) and the National Insurance Producer Registry. During the joint meeting of the Executive (EX) Committee and Plenary, NAIC members will consider adoption of the reports of the NAIC's eight standing committees and will receive progress reports on state implementation of recently adopted NAIC model laws, regulations and amendments. In addition:
 - **The Climate and Resiliency (EX) Task Force** will hear a presentation on biodiversity and flood insurance technology, and receive an update on a climate and natural catastrophe risk dashboard.
 - **The Special (EX) Committee on Race and Insurance** will receive updates on the progress of its workstreams and the Member Diversity Leadership Forum.
- **The Life Insurance and Annuities (A) Committee** will hear two presentations: one on illustrations and another on small- and medium-size company issues.
 - **The Life Actuarial (A) Task Force** will discuss findings from regulator reviews of company *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53) reports and continue to discuss a proposal for reinsurance asset adequacy testing.
- **The Property and Casualty Insurance (C) Committee** will hear an industry presentation related to homeowners insurance markets, and provide an update on the state insurance regulator property/casualty insurance market intelligence data call regarding homeowners insurance. In addition:
 - **The Surplus Lines (C) Task Force** will consider adoption of amendments to the International Insurers Department Plan of Operation, continue discussing potential amendments to the surplus lines service of process form, and hear a National Association of Public Insurance Adjusters presentation on public adjusters in the surplus lines market.
 - **The Title Insurance (C) Task Force** will hear updates regarding the Survey of State Insurance Laws Regarding Title Data and Title Matters, as well as title-related federal activities and actuarial matters.
 - **The Catastrophe Insurance (C) Working Group** and **the NAIC/Federal Emergency Management Agency (FEMA) (C) Advisory Group** will meet in joint session to hear federal legislative updates and presentations from FEMA, and discuss obstacles that state insurance regulators face when implementing mitigation programs.

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- **The Financial Regulation Standards and Accreditation (F) Committee** will consider whether the 2023 revisions to the *Property and Casualty Insurance Guaranty Association Model Act (#540)* related to (i) preservation of guaranty fund coverage in the event of a corporate division/insurance business transfer and (ii) guaranty fund coverage for cybersecurity insurance, should be considered acceptable for accreditation but not required.
- **The International Insurance Relations (G) Committee** will discuss progress on International Association of Insurance Supervisors initiatives, including the implementation and assessment of the updated Insurance Core Principles, the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame), the holistic framework for systemic risk assessment, and the global insurance capital standard. The (G) Committee will also hear an update on work in progress at other international organizations and ongoing activities to enhance cooperation with international insurance regulators.

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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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