

2024 Spring National Meeting
Phoenix, Arizona

RISK-FOCUSED SURVEILLANCE (E) WORKING GROUP

Saturday, March 16, 2024
8:00 – 8:45 a.m.

Meeting Summary Report

The Risk-Focused Surveillance (E) Working Group met March 16, 2024. During this meeting, the Working Group:

1. Discussed the progress of its Affiliated Investment Management Agreement Drafting Group, which was formed to address issues referred from the Macroprudential (E) Working Group in 2022. The issues included solvency monitoring guidance for affiliated investment management agreements and capital maintenance plans, as well as concerns related to ownership structures of insurers and surplus note issuance. The Drafting Group met several times in late 2023 and early 2024 to discuss the referred issues, which resulted in the following action:
 - A. Referred issues related to capital maintenance agreements and surplus note issuance to the Financial Analysis Solvency Tools (E) Working Group, as they are primarily analysis considerations.
 - B. Developed a blanks proposal to adjust Annual Statement General Interrogatory 29.05 to clarify that insurers should disclose any investment sub-advisors in their responses to the interrogatory. The proposal was exposed by the Blanks (E) Working Group for a public comment period ending April 23.
 - C. Developed proposed edits to the NAIC's *Financial Analysis Handbook* and *Financial Condition Examiners Handbook* to provide additional guidance to regulators in reviewing affiliated investment management agreements and services provided to an insurer.
2. Exposed proposed changes to the NAIC's *Financial Analysis Handbook* and *Financial Condition Examiners Handbook* related to affiliated investment management services for a 45-day public comment period ending April 30. Upon receiving and addressing comments on the proposed changes, they will be referred to the Financial Analysis Solvency Tools (E) Working Group and the Financial Examiners Handbook (E) Technical Group for consideration of adoption.
3. Discussed plans for 2024 Peer Review Program sessions, which include a financial analysis session already held in January, a financial examination session scheduled for August, and another financial analysis session scheduled for October.