

NAIC Report: 2025 Spring National Meeting

April 7, 2025

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Indianapolis, Indiana hosted the 2025 Spring National Meeting (the “[Spring National Meeting](#)”) of the National Association of Insurance Commissioners (the “[NAIC](#)”) from March 23 to March 26, 2025.

In the opening session, NAIC President and North Dakota Insurance Commissioner Jon Godfread noted that a central initiative for the NAIC in 2025 will be the work of the new Risk-Based Capital Model Governance (EX) Task Force (“[RBC \(EX\) Task Force](#)”), which will include a comprehensive review of the RBC framework to ensure that regulatory guardrails are clear, consistent and effective, and that the NAIC continues to be a leader in effective capital standards governance.

Other highlights from the Spring National Meeting include:

- The RBC (EX) Task Force discussed its charges to identify gaps in the current RBC framework and develop guiding principles for future RBC adjustments.

- The Life Actuarial (A) Task Force (“LATF”) exposed a revised draft of its reinsurance asset adequacy testing guideline for comment until April 24, 2025, targeting adoption of a final draft by the NAIC by summer 2025.
- The new Aggregation Method Implementation (G) Working Group discussed its charges to review group capital regulation of U.S. groups in order to implement the international Insurance Capital Standard via the U.S. aggregation method.
- The Statutory Accounting Principles (E) Working Group (“SAPWG”) continued to search for a permanent IMR solution given the impending nullification of its interim IMR rule, *INT 23-01 Net Negative (Disallowed) Interest Maintenance Reserve*, on January 1, 2026 absent contrary action.
- The Big Data and Artificial Intelligence (H) Working Group (the “Big Data WG”) provided a “road map” to developing a full regulatory framework governing the use of AI by insurers.

The report below further summarizes key activities at the Spring National Meeting, and certain interim conference calls and other developments leading up to the Spring National Meeting, that may be of interest to our clients in the insurance industry.

Table of Contents

- I. Financial Condition Regulation6
 - A. Reinsurance Asset Adequacy Testing Update6
 - B. Insurer Investments7
 - C. Statutory Accounting Updates10
- II. Innovation, Technology and Privacy Developments13
 - A. Development of an AI Regulatory Framework13
- III. Reinsurance Matters14
 - A. Macroprudential (E) Working Group to Review Use of Sidecars, Retrocessions and Recapture Provisions14
 - B. Collateral Reduction Applications Update14
- IV. Other Topics of General Interest15
 - A. International Updates15
 - B. Other Topics of Interest to the P&C Insurance Industry16
- V. Briefly Noted16
 - A. Federal Matters16

Glossary

“ACLI” means the American Council of Life Insurers.

“AI/ML” means artificial intelligence and machine learning.

“AVR” means asset valuation reserve.

“Certified Reinsurer” means a reinsurer that is domiciled in a “Qualified Jurisdiction” (meaning a non-U.S. jurisdiction listed on the NAIC list of “Qualified Jurisdictions” established pursuant to the NAIC Process for Evaluating Qualified and Reciprocal Jurisdictions) that is eligible for reduced reinsurance collateral pursuant to the 2019 amendments to the Credit for Reinsurance Models.

“CLO” means collateralized loan obligation.

“Covered Agreements” means the Bilateral Agreement Between the United States and the European Union on Prudential Measures Regarding Insurance and Reinsurance entered into by such parties on September 22, 2017 and the Bilateral Agreement Between the United States and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance entered into by such parties on December 11, 2018.

“Credit for Reinsurance Models” means the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786).

“CRP” means credit rating provider.

“GCC” means the group capital calculation that was developed by the Group Capital Calculation (E) Working Group and adopted by the NAIC in December 2020. It is a tool that uses an RBC aggregation methodology for all entities within the insurance holding company system, including non-U.S. entities.

“IAIS” means the International Association of Insurance Supervisors.

“ICP” means the Insurance Core Principles developed by the IAIS.

“IMR” means interest maintenance reserve.

“P&P Manual” means the Purposes and Procedures Manual of the NAIC Investment Analysis Office.

“PRA” means the Prudential Regulation Authority of the United Kingdom.

“Private Equity Considerations” means the list adopted by the NAIC in August 2022 of “Regulatory Considerations Applicable (But Not Exclusive) to Private Equity (PE) Owned Insurers.”

“RBC” means risk-based capital.

“Reciprocal Jurisdiction Reinsurer” means a reinsurer that is domiciled in a “Reciprocal Jurisdiction” (meaning a non-U.S. jurisdiction listed on the NAIC list of “Reciprocal Jurisdictions” established pursuant to the NAIC Process for Evaluating Qualified and Reciprocal Jurisdictions) that is eligible to qualify for zero reinsurance collateral pursuant to the 2019 amendments to the Credit for Reinsurance Models.

“SEC” means the U.S. Securities and Exchange Commission.

“SSAP” means Statement of Statutory Accounting Principles.

“SVO” means the NAIC’s Securities Valuation Office.

I. Financial Condition Regulation

A. Reinsurance Asset Adequacy Testing Update

LATF continued to discuss the proposed draft of an actuarial guideline for reinsurance asset adequacy testing (the “Reinsurance AAT Guideline”) and exposed revisions for a comment period ending April 24, 2025.

Insurance regulators have been evaluating the risk that domestic life insurers may enter into reinsurance transactions with offshore reinsurers that materially lower the total asset requirement (the sum of reserves and required capital) supporting asset-intensive business (i.e., long duration business that relies substantially on asset returns). To address this risk, LATF has been developing the Reinsurance AAT Guideline, which proposes enhancements to the asset adequacy testing (“AAT”) methodology for assets supporting life and annuity reinsurance transactions. The objective is to determine whether the assets and reserves supporting this ceded business continue to be adequate based on moderately adverse conditions.

To date, LATF’s work in developing the Reinsurance AAT Guideline has focused on three goals: (1) to provide regulators with the information needed to review the solvency of U.S. life insurers; (2) to avoid conflict with the Covered Agreements, including with respect to Reciprocal Jurisdictions; and (3) to prevent duplication of work for reporting companies where there is immaterial risk. The Reinsurance AAT Guideline will only require disclosure by the ceding insurer, meaning that it will not require that additional reserves be posted at the reinsurer level, although the company may decide to post reserves. Domestic regulators will continue to have the right to require additional analysis or reserves following such disclosure. After reviewing the first year of disclosures under this project, public discussion will be reopened to determine appropriate next steps if concerns arise.

LATF has also recently focused on: (1) limiting the scope to only the most impactful asset intensive transactions (which is predicted to result in less than 100 in-scope treaties); (2) continuing to work through details on cash-flow testing expectations; and (3) examining the appropriateness of alternative forms of analysis.

LATF discussed additional topics of note:

- **NY 7 Treasury Rate Scenarios:** The new exposure will seek to ensure that the same deterministic scenarios and assumptions (whether the New York 7 or other set used in any other AAT analyses by the company) are consistent.
- **Associated Party:** LATF removed the defined term “Associated Party” since this concept created confusion due to conflicts with the use of the term “affiliated” in other NAIC resources and model laws. The exemption criteria were instead modified to include the components of the “Associated Party” definition. This edit is not intended to alter the substantive requirements for cash flow testing exemptions in the Reinsurance AAT Guideline.

- **Starting Asset Amount:** The current testing approach is to have a mandatory run of cash flow testing with the starting asset amount being the post-reinsurance reserve. At the option of the company, there can be an alternative run using a higher starting asset amount. After hearing comments, LATF elected to not alter the current approach at this time.

Following the comment period for the exposed revisions ending April 24, 2025, LATF expects to further discuss and expose the draft for the last time in May, and submit the final draft for consideration and adoption by the NAIC at its 2025 Summer National Meeting in August. The first reports to be made in accordance with the Reinsurance AAT Guideline are expected to be due in April 2026.

B. Insurer Investments

1. *RBC Matters*

a. New Executive Task Force to Develop “Guiding Principles” for RBC

The RBC (EX) Task Force was formed just before the Spring National Meeting in response to “an industry trend to search for yield in investment portfolios and a material shift in the complexity of insurers’ investment strategies, resulting in more market and credit risk.” In particular, the Risk-Based Capital Investment Risk and Evaluation (E) Working Group’s (“RBCIRE”) review of RBC treatment of structured securities since 2022 has revealed “differences of opinion on threshold questions and underlying data,” leading to “confusion among both regulators and other stakeholders,” demonstrating the need for an executive-level task force on RBC matters.¹

The RBC (EX) Task Force adopted charges on March 17, 2025 to: (1) develop a set of guiding principles for the RBC framework to ensure a consistent approach to future RBC adjustments in furtherance of the principle of “Equal Capital for Equal Risk”; (2) complete a comprehensive gap analysis and consistency assessment to identify and improve existing inventory gaps; (3) oversee the development of an education and public messaging campaign to highlight the benefits and strengths of the RBC framework as an important part of the U.S. state-based insurance regulatory system; (4) facilitate and oversee coordination and alignment among all NAIC groups related to this initiative; and (5) create a process for analyzing both retrospective and future adjustments to RBC, incorporating regular reviews of RBC outcomes and ensuring future adjustments are made in alignment with guiding principles.

As a next step, the RBC (EX) Task Force will hire an external consultant to provide analysis and “objective expertise” with respect to the gap analysis and guiding principles. The gap analysis will identify a list of gaps within RBC formulas, as well as consider the lack of consistency that currently exists within the methodologies of current life asset risks.

¹ See February 9, 2025 Memorandum to Interested Regulators and Interested Parties currently available [here](#).

The guiding principles will answer the following questions:

1. When should a particular risk be addressed in the RBC model?
2. What level and type of data and analysis are needed to support the setting of capital factors?
3. How should new and emerging risks and asset types be treated if a capital framework has not yet been developed for them?
4. What level of statistical safety should be targeted by the model or, if not a single target, how should such tailored safety targets be determined?
5. When should the calibration of risks to capital factors be re-evaluated?

The RBC (EX) Task Force encouraged stakeholders to send in responses to the questions outlined above and committed to providing regular updates and public exposures as work progresses throughout 2025.

b. RBC Treatment for Structured Securities

RBCIRE is acting in cooperation with the American Academy of Actuaries (the “Academy”) to determine appropriate RBC factors for structured securities, with an initial focus on RBC treatment for CLOs, as we reported on in detail [here](#). Since last year the Academy has acquired a large CLO data set from Moody’s and refined its intended approach to developing C-1 RBC factors for CLOs, including identifying comparable attributes among CLOs that can be used in assigning factors to tranches. In addition, the Valuation of Securities (E) Task Force (“VOSTF”) ad hoc group charged with developing a modeling methodology for assigning NAIC Designations to CLO investments continues to meet. VOSTF Chair Carrie Mears noted that the ad hoc group and the Academy are collaborating so that such workstreams will “dovetail” into a “complete package.” It remains to be seen how the establishment of the RBC (EX) Task Force will impact this project. Certain interested parties have stated that the CLO modelling work should not be finalized until the broader work of the new Task Force has progressed, but the RBC (EX) Task Force’s charges state that its work “will not result in the work of other RBC-related committees/task forces/etc. being paused or stopped.”

c. RBC Treatment for Bond Funds

RBCIRE intends to develop a formal proposal to set life RBC charges for bond funds based on economic risk rather than legal form. The proposal will be based on an earlier presentation from ACLI and an NAIC staff memorandum summarizing bond fund holdings reported on carriers’ 2023 annual statements.² The ACLI proposed that SEC-registered bond mutual funds should receive similar RBC treatment to bond exchange-traded funds (“ETFs”) and private bond funds that qualify for a bond RBC charge determined using the SVO’s “weighted average rating factor”

² The ACLI presentation and NAIC memorandum are currently available on the RBCIRE website [here](#).

(WARF) methodology. Currently, these mutual funds receive a 30% equity RBC charge, but applying this methodology would put them on a similar RBC footing to analogous ETFs and private bond funds. ACLI and interested parties called for these investment classes to receive consistent RBC treatment given that they “bear substantially the same economic risks regardless of legal form.”

NAIC staff will begin to develop a proposal with respect to bond fund charges for life RBC. The proposal will not be ready for adoption until sometime after 2025. RBCIRE will also consider whether similar proposals should be developed for the property and casualty and health RBC formulas.

d. RBC Treatment for Capital Notes and Non-Bond Securities

The Catastrophe Risk (E) Subgroup and the Property and Casualty Risk-Based Capital (E) Working Group are reviewing a referral from SAPWG related to providing consistency for the RBC assessment for capital notes and non-bond debt securities. The referral stems from comments SAPWG received during its review of *Interpretation 24-01: Principles-Based Bond Definition Implementation Questions and Answers* which noted that unlike life insurers, property and casualty and health insurers do not have the ability to report ratings from CRPs for held capital notes or SVO designations for non-bond debt securities when reported on Schedule BA. This results in unfavorable RBC treatment even for a highly rated instrument.

2. Valuation of Securities

a. Privately Rated Securities Developments

As we reported [here](#), insurance companies seeking filing exemptions for privately rated securities are now required to file private rating letter rationale reports for such securities with the SVO. VOSTF exposed for comment until April 25, 2025 two amendments to the P&P Manual providing additional parameters for such rationale reports:

- The SVO has proposed to allow a grace period of 90 days from any annual or mid-year rating affirmation, confirmation or change, for a new or updated rationale report to be filed. If the rationale report is not filed during that time, the security would become ineligible for filing exemption until such time as the SVO receives the rationale report. The SVO believes this amendment will improve the SVO operationally by spreading the filing of rationale reports throughout the year.
- The SVO has proposed that the report “shall be no less comprehensive” than a report for a similar publicly rated security and shall “always include sufficient analytical content to enable an independent party to form a reasonable opinion of the basis for the CRP’s assessment of investment risk.” The SVO has received some rationale reports that do not meet this standard and believes this amendment will offer needed clarity.

The SVO reported to VOSTF on its efforts since late last year to identify privately rated securities that were missing a required rationale report. Although the number of such securities was reduced significantly following outreach to industry, on March 3, 2025, the NAIC took action to remove 346 deficient securities from filing exemption. A list of those securities has been published in the NAIC's AVS+ system and they may be reinstated if an insurer submits the missing rationale report.

C. Statutory Accounting Updates

1. *Modco and Funds Withheld Assets Disclosures*

SAPWG has taken several steps to increase reporting clarity related to funds withheld and modified coinsurance (modco) arrangements. SAPWG re-exposed draft annual statement reporting schedules for life insurers for public comment until May 2, 2025, which would require reporting entities to identify assets that are subject to a funds withheld or modco arrangement in connection with reinsurance (Ref # 2024-07).

SAPWG also adopted revisions to *SSAP No. 1—Accounting Policies, Risks & Uncertainties and Other Disclosures I* (“SSAP No. 1”). The revisions require restricted asset disclosure in Note 5L for modified coinsurance (modco) and for funds withheld assets reported within a ceding company’s financial statements (Ref #2024-20), to be effective December 31, 2025. The revisions enhance the disclosures to fully identify the extent of restricted assets reported within a single disclosure and explain differences between the restricted asset annual statement disclosure and the amount reported in the general interrogatories, which are meant to include the same amount. SAPWG also made a referral to the Life RBC (E) Working Group to clarify guidance for when an RBC reduction can occur for modco and funds withheld reinsurance agreements.

SAPWG exposed additional revisions to *SSAP No. 1* and Annual Statement Blanks for public comment until May 2, 2025 (Ref #2025-05). These revisions would expand the restricted asset reporting to capture information on modco and funds withheld assets that are related or affiliated to the reinsurer for disclosure in all quarterly and annual financial statements. The exposed revisions differ from Ref #2024-07, which would only capture aggregate detail corresponding to AVR reporting, and Ref #2024-20, which would explicitly require identification of modco and funds withheld assets as restricted.

2. *Interest Maintenance Reserve*

SAPWG exposed proposed guidance for public comment until June 6, 2025, to redefine IMR in *SSAP No. 7—Asset Valuation and Interest Maintenance Reserve* (“SSAP No. 7”) (Ref #2025-03), as well as a memo proposing to remove Hypothetical IMR from the Annual Statement Instructions for Life, Accident and Health Fraternal insurers (Ref #2023-14).

a. Redefining IMR

SAPWG exposed a definition for IMR until June 6, 2025, which was initially proposed by ACLI and subsequently edited by NAIC staff during the IMR Ad Hoc Group discussion. The exposed definition identifies IMR as a valuation adjustment rather than treating it as either an asset or liability as under the current definition.

b. Removal of Hypothetical IMR from Annual Statement Instructions

The Annual Statement Instructions currently identify three types of IMR to be accounted for in a reinsurance transaction: (1) Existing IMR; (2) Newly Created IMR; and (3) Hypothetical IMR, which is the IMR balance and future amortization that would result if the remaining assets associated with a block of liabilities were sold. SAPWG exposed a memorandum for public comment until May 2, 2025 drafted by the IMR Ad Hoc Group that recommends removing the concept of hypothetical IMR because the practical limitations outweigh the potential benefits of retaining it. It is anticipated that this discussion and conclusion, if supported, will be documented in the IMR issue paper and reflected in revisions incorporated under the broad IMR project (Ref #2023-14).

c. Update on IMR Ad Hoc Group

SAPWG's IMR Ad Hoc Group has met regularly since 2023 to consider potential modifications to statutory accounting treatment of IMR, following SAPWG's adoption of *INT 23-01 Net Negative (Disallowed) Interest Maintenance Reserve ("INT 23-01")* as a limited-time, optional interpretation of statutory accounting principles. INT 23-01 permits reporting entities to admit net negative IMR of up to 10% of their adjusted general account capital and surplus, subject to certain restrictions as well as reporting and disclosure requirements, which we previously reported on [here](#) and [here](#). Since the NAIC's 2024 Fall National Meeting (the "[2024 Fall National Meeting](#)"), the IMR Ad Hoc Group has focused on IMR from reinsurance transactions and intends to discuss other reinsurance concepts. SAPWG will assess *INT 23-01*, which, absent contrary action, is set for automatic nullification on January 1, 2026.

3. *Collateral Loan Reporting*

SAPWG adopted Ref #2023-28, which requires greater granularity for reporting lines for collateral loans/AVR under *SSAP No. 21–Other Admitted Assets* for Schedule BA of the NAIC Annual Statement Blanks. This requirement will enable regulators to quickly identify the type of collateral that supports admittance of collateral loans in scope of *SSAP No. 21–Other Admitted Assets*. The adoption expands Schedule BA to separate collateral loans by the type of collateral securing the loan. This agenda item has a proposed effective date of January 1, 2026.

4. *Additional Updates*

a. Repack and Derivative Investments Proposal

SAPWG exposed draft revisions to *SSAP No. 86—Derivatives* to eliminate the bifurcation of embedded derivatives (Ref #2024-16) to address debt security investments with derivative components that do not qualify as structured notes, commonly referred to as “repacking” or “repack” structures at the 2024 Summer National Meeting. For debt securities that have derivative components or wrappers that are not structured notes, the proposed amendments would have required separate reporting of the debt security and embedded derivative instrument. Interested parties criticized this change, noting various reporting challenges with the proposal. SAPWG therefore re-exposed the proposal limiting the agenda item to just sponsoring blanks revisions to clarify guidance regarding bond disposal and acquisition schedules, and adopted these revisions on February 25, 2025.

b. Book Value and Separate Accounts

At its February 25, 2025 interim meeting, SAPWG adopted revisions to *SSAP No. 56—Separate Accounts* after incorporating certain edits proposed by interested parties during exposure. The revisions expand guidance on how transfers between general and separate accounts should occur when an insurer reports assets at “book value” within the separate account. They reflect the broad principle that such transfers would have offsetting IMR impacts between the general account and the book value separate account with a zero net impact to surplus.

5. *Proposal to Revise RBC Preamble Re-exposed with Modifications*

At the Spring National Meeting, the Capital Adequacy (E) Task Force (“CATF”) re-exposed proposal 2024-16-CA (proposed revisions to the Risk-Based Capital Preamble (the “RBC Preamble”)) with modifications made pursuant to regulator and interested party comments. CATF initially exposed proposed revisions to the RBC Preamble in April 2024 to emphasize that RBC should be limited to identifying weakly capitalized companies to facilitate regulatory action and oversight. The previously exposed revisions limit public disclosures of RBC levels, stressing that RBC levels are not an appropriate means of comparing or ranking the relative financial strength of insurers. Interested parties raised concerns that eliminating RBC transparency could introduce uncertainty among investors and lead to the development of less-effective risk solvency tools. The revised proposal is exposed for comment until May 9, 2025.

II. Innovation, Technology and Privacy Developments

A. Development of an AI Regulatory Framework

The Big Data WG reported that it will continue its efforts to develop a full regulatory framework governing the use of AI by insurers, providing a four-step AI Systems Regulatory Framework road map:

1. **Define Principles and Assess Insurer’s AI Use.** This step is nearly complete following the conclusion of the Health AI/ML Survey as the fourth of a series of surveys.
2. **Develop AI Risk Evaluation Tools.** Develop efficient, standardized data collection tools to use in an investigation or examination of an insurer, which also identify and assess financial and market risks and regulator expectations associated with AI use.
3. **Regulatory Oversight and Accountability.** Collaborate with relevant NAIC committees and working groups to develop oversight and accountability goals and expectations, divided into three main categories:
 - **Governance.** Includes best practices; AI testing; model training; drift detection; identifying adverse consumer outcomes; and risk classification.
 - **Transparency.** Includes AI disclosures; data use disclosures; human-in-the-loop disclosures; the basis, source of data, and reasoning for the decision; recourse for appeals; resources for fixing inaccurate data; and AI-related complaint tracking.
 - **Accountability.** Includes clarifying accountability when using third-party data or models; adverse consumer outcome reporting; and identifying AI use cases that require human participation (and/or prohibited practices).
4. **Identify and Address Gaps in AI Evaluation.** As the sophistication and use of AI develops and expands, continued evaluation will be needed to identify and address new risks.

At the instruction of the Innovation, Cybersecurity, and Technology (H) Committee, the Big Data WG will first develop a self-audit questionnaire intended to help insurers prepare, in a standardized manner, for the questions regulators will ask during a financial examination. The self-audit questionnaire will focus on the insurer’s risk framework in relation to its use of AI, including risks to policyholders.

III. Reinsurance Matters

A. Macroprudential (E) Working Group to Review Use of Sidecars, Retrocessions and Recapture Provisions

The Financial Stability (E) Task Force met in lieu of the Spring National Meeting on March 18, 2025 and heard a report from the Macroprudential (E) Working Group (the “MWG”). The MWG is charged with coordinating the Private Equity Considerations, pursuant to which regulators continue to consider “[i]nsurers’ use of offshore reinsurers (including captives) and complex affiliated sidecar vehicles to maximize capital efficiency, reduce reserves, increase investment risk, and introduce complexities into the group structure.”

The MWG reported that in regulator-only sessions it has developed a workplan for 2025 that includes “reviewing the use of Sidecars in the life insurance sector, the creation of a reinsurance dashboard, retrocessions and reinsurance recapture provisions.” In particular, the MWG noted that the PRA “requires insurers to demonstrate with a high level of confidence that they can withstand either a single recapture event, or multiple recapture events involving highly correlated counterparties,” and this will inform the MWG’s consideration of recapture provisions in the United States.

See [here](#) for the full list of Private Equity Considerations, many of which are considered closed due to the completion of relevant NAIC initiatives, as we most recently reported [here](#).

B. Collateral Reduction Applications Update

The Reinsurance Financial Analysis (E) Working Group (“ReFAWG”) continues to assist states with reviewing reinsurance collateral reduction applications to determine whether an applicant meets the requirement to be recognized as a Certified Reinsurer and/or a Reciprocal Jurisdiction Reinsurer. As of March 4, 2025, ReFAWG had approved 97 Reciprocal Jurisdiction Reinsurers and 40 Certified Reinsurers and 49 states had “passported” at least one Reciprocal Jurisdiction Reinsurer, which is the process that gives states discretion to defer to the collateral reduction status determination made by another state. We note that the Certified Reinsurer count has decreased from the previous count of 41 following the 2024 Fall National Meeting. Although not required by law, the Reinsurance (E) Task Force continues to recommend submission of reinsurance collateral reduction applications to ReFAWG in order to ensure uniformity in the review process, which can better equip ReFAWG to answer questions from governments, foreign jurisdictions or other interested parties. The NAIC’s complete list of Certified and Reciprocal Jurisdiction Reinsurers is available [here](#).

IV. Other Topics of General Interest

A. International Updates

1. *Implementation of the International Insurance Capital Standard and the U.S. Aggregation Method*

The IAIS reached a milestone at the end of 2024 by finalizing the Insurance Capital Standard (“ICS”) and completing its comparability assessment of the aggregation method (“AM”), which underlies the U.S. approach to group capital. The comparability assessment concluded that the AM provides a “basis of implementation” of the ICS in the United States.

In the coming years, the IAIS will prioritize monitoring and facilitating the implementation of the ICS by member jurisdictions. Jurisdictions will complete a self-assessment in 2026 followed by a more intensive IAIS assessment beginning in 2027. IAIS Secretary General Jonathan Dixon said in a Q&A session that the U.S. will be subject to the same implementation standards as any other jurisdiction, and the IAIS will assess whether the U.S. implementation results in an approach that is “observant of ICS standards.”

The NAIC has created the Aggregation Method Implementation (G) Working Group (“AMIWG”) to coordinate the U.S. implementation of the ICS via the AM. The AM will be implemented via the existing GCC tool that was adopted by the NAIC in December 2020. AMIWG will work with applicable groups under the Financial Condition (E) Committee, particularly the Group Capital Calculation (E) Working Group, which will be responsible for any changes to the GCC that result from the AM implementation process.

2. *The Financial Sector Assessment Program (“FSAP”)*

The International Insurance Relations (G) Committee discussed the fourth FSAP of the United States that is underway for 2025. The FSAP is a joint initiative of the World Bank and the International Monetary Fund that assesses the regulatory system of a country’s financial sector (including insurance) every five years. The NAIC will participate in the FSAP along with other U.S. financial regulators. The (G) Committee will coordinate the NAIC’s participation by (1) referring specific issues for consideration to NAIC committees, task forces, and working groups; and (2) maintaining an NAIC FSAP coordinator (i.e., a senior level state regulator).

3. *Other IAIS Activities*

- **Structural Shifts in the Life Insurance Sector:** The IAIS published a **Draft Issues Paper** focused on the life insurance sector’s increasing allocation to alternative assets and the rising adoption of cross-border asset-intensive reinsurance. The draft is open for public consultation until May 19, 2025.

- **Public Disclosure and Supervisory Reporting of Climate Risk:** Over the last several years IAIS has conducted a series of consultations regarding supervisory responses to climate change. The results have been compiled in an **Application Paper** that will be submitted to the IAIS Executive Committee for approval during the first week of April. The Application Paper provides advice to supervisors on how ICP 9 (Supervisory Review and Reporting) and ICP 20 (Public Disclosure) may be applied in the context of climate-related risks.

B. Other Topics of Interest to the P&C Insurance Industry

At the Spring National Meeting, the Property and Casualty Insurance (C) Committee discussed its top two priorities for 2025:

1. **The Property & Casualty Market Intelligence Data Call**, which will gather specific data from insurance companies with respect to the individual home insurance market including costs, coverage, protection gaps, reinsurance costs and the impact of severe weather events and inflationary pressures and will be overseen by the newly formed Homeowners Market Data Call (C) Task Force, which will consider additional regulator tools and training related to its findings; and
2. **An Affordability and Availability Playbook for homeowners insurance** to be published by the end of 2025 that will focus on the lessons learned and actions taken by regulators with respect to the homeowners insurance market in their states. A draft outline is underway and will be exposed by the Task Force for stakeholder review when completed.

V. **Briefly Noted**

A. Federal Matters

On March 21, 2025, just days before the Spring National Meeting commenced, NAIC leadership sent a letter to Congress urging it to recognize states' primary role in regulating the insurance market. Specifically, the letter asked Congress to reconsider the preemption of state insurance laws provided in several proposed bills related to cybersecurity, privacy and AI, among other areas. The letter also requested for Congress to abolish the Federal Insurance Office, which is an office within the U.S. Treasury Department, as a "direct conflict" to the U.S. state-based system of regulation.

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