

# NAIC Report: 2026 Spring National Meeting

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The 2026 Spring National Meeting (the “[Spring National Meeting](#)”) of the National Association of Insurance Commissioners (the “[NAIC](#)”) was held in San Diego, California, from March 22 to March 25, 2026. Highlights from the Spring National Meeting include:

- The Statutory Accounting Principles (E) Working Group voted to move forward with an IMR proof of reinvestment concept, with a template to be developed for exposure at a future meeting.
- On March 25, 2026, Executive and Plenary adopted the white paper on restructuring mechanisms previously adopted by the Financial Condition (E) Committee on December 11, 2025.
- The Risk-Based Capital Investment Risk and Evaluation (E) Working Group discussed proposed new C-1 (asset risk) factors for CLO investments in the Life RBC formula for year-end 2026 reporting.
- The NAIC’s new investment-focused task force and subgroups previewed their planned workstreams, including a new focus on assessing mortgage loan investments held by insurers.

- The Statutory Accounting Principles (E) Working Group exposed for public comment revisions to *SSAP No. 52—Deposit-Type Contracts* to incorporate disclosure of funding agreement-backed notes and other structures, and at an earlier meeting in March, the Macroprudential (E) Working Group made a referral to the Receivership and Insolvency (E) Task Force to review the priority treatment of funding agreements in such arrangements.
- The Big Data and Artificial Intelligence (H) Working Group's *Artificial Intelligence (AI) Systems Evaluation Tool* is now being piloted by twelve states that are evaluating a sample of their domestic insurers. The evaluation tool will continue to be revised based on feedback from the pilot.
- The Third-Party Data and Models (H) Working Group reached an alignment that it will revise its draft *Risk-Based Regulatory Framework* to focus on third-party data and model providers providing pricing and underwriting functions to insurers. Additionally, the framework would create a registry focused on the governance of these third-party providers.
- There is a new NAIC initiative to comprehensively assess the current regulatory market framework with the goal of developing a strategic, forward-thinking road map and to determine whether today's market conduct regulatory framework has the data, systems, tools and supervisory approaches needed to oversee a rapidly evolving industry. This work will occur in the Market Regulation and Consumer Affairs (D) Committee and newly appointed Market Conduct Regulation Modernization (D) Working Group. Proposed recommendations for enhancements regarding the regulatory market framework are expected later in the year.

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

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## Glossary

“Academy” means the American Academy of Actuaries.

“AI” means artificial intelligence.

“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 Agreement” means a bilateral or multilateral international agreement between the United States and one or more foreign governments, authorities, or regulatory entities regarding insurance and reinsurance matters.

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

“CRP” means credit rating provider.

“Executive and Plenary” means all of the U.S. state insurance commissioners in plenary session along with the NAIC’s Executive (EX) Committee.

“FABN” means funding agreement-backed notes.

“IAIS” means the International Association of Insurance Supervisors.

“IAIG” means internationally active insurance group.

“IMR” means interest maintenance reserve.

“NAIC Designations” means the proprietary symbols produced by the NAIC to designate the quality of a security for use by NAIC members in the context of the NAIC Financial Regulation Standards and Accreditation Program, a member’s state insurance laws and regulations, and the regulatory or financial solvency profile of a specific insurance company.

“ORSA” means Own Risk and Solvency Assessment.

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

“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.

“SPV” means special purpose vehicle.

“SSAP” means Statement of Statutory Accounting Principles.

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

“YRT” means yearly renewable term.

## I. Financial Condition Regulation

### A. RBC Matters

#### 1. *Update on the NAIC's Holistic Review of the RBC Framework*

Following adoption in December 2025 of “Guiding Principles” addressing the purpose and use of RBC and outlining concepts for its future maintenance, as we reported [here](#), the Risk-Based Capital Model Governance (EX) Task Force (the “RBC (EX) Task Force”) is proceeding with its charge to analyze gaps and inconsistencies in the RBC framework and establish a plan to address them. On February 10, 2026, the task force released a memorandum requesting comments from interested parties on questions including: whether there are material risks that are not adequately captured within the RBC framework, including material new or emerging risks; whether divergence between or within the Life, Property & Casualty and Health RBC formulas may result in risks not being treated appropriately; and whether there are components of RBC that violate the previously adopted Guiding Principles.

At the Spring National Meeting, the RBC (EX) Task Force reported that it has received comment letters from many interested parties representing a range of stakeholders across the industry. Bridgeway Analytics, consultant to the task force, presented a summary of key themes from the comment letters, noting that interested parties provided feedback on both RBC governance and process as well as identifying a range of specific gaps, notably with regard to differences in how investments are treated across the three RBC formulas. Task Force Chair and North Dakota Insurance Commissioner Jon Godfread reported that task force members will review comment letters more carefully and consider next steps to determine whether observed gaps are material and worthy of further work to address.

The RBC (EX) Task Force also discussed its charge to develop 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.” Commissioner Godfread noted that while current processes have worked well historically, the RBC framework is growing more complex, and it is important to have the right process in place before significant technical work begins. This discussion will continue.

#### 2. *RBC Treatment of CLOs*

Since 2022, the Risk-Based Capital Investment Risk and Evaluation (E) Working Group has coordinated with the Academy to assess RBC treatment for CLOs, working toward principles that could potentially address long-term RBC treatment for other types of structured securities. The working group is seeking to adopt new C-1 (asset risk) factors for CLO investments in the Life RBC formula for year-end 2026 reporting.

At an interim meeting of this working group on March 2, 2026, the Academy reported on its analysis in search of “comparable attributes” across CLOs that can serve as a basis for new C-1 factors. Based on modeling a dataset of all U.S. broadly syndicated loan (“BSL”) CLOs, the Academy identified collateral rating as the best-performing

comparable attribute that, with certain adjustments, it views as having satisfactory predictive power for C-1 risk. Accordingly, the Academy has proposed two sets of base C-1 factors for CLO tranches:

- Option 1, based on collateral rating alone; and
- Option 2, based on collateral rating plus “tranche thickness” (defined as the difference between the detachment point and attachment point for a given tranche, expressed as a percentage of the CLO balance). Under Option 2, for tranches with underlying collateral rated Baa3 or lower, riskier “thin” tranches would have a higher C-1 charge.

The Academy noted that its model is limited to BSL CLOs with rated collateral. Further study, regulator input and data from rating agencies would be needed with respect to middle-market CLOs (which represent a much smaller proportion of CLOs held by insurers) in order to assess their RBC treatment.

At the March 2, 2026 meeting, regulators noted the increased complexity associated with Option 2 and discussed the possibility of implementing the Option 1, ratings-only proposal for year-end 2026 and revisiting Option 2 next year. At the Spring National Meeting, the Academy presented additional technical information about its model in response to preliminary questions from regulators and interested parties. The proposal, found [here](#), is currently exposed for interested party comment until April 16, 2026. The Academy also plans to propose portfolio adjustment factors and residual tranche treatment to accompany the proposed base factors.

The Risk-Based Capital Investment Risk and Evaluation (E) Working Group also discussed a structural proposal (Proposal 2025-22-IRE MOD) that will complement the new CLO C-1 factors by updating Life RBC reporting to incorporate more granular detail on Long-Term Bonds, dividing their reporting into two buckets: (i) CLOs, Collateralized Bond Obligations (CBOs) and Collateralized Debt Obligations (CDOs); and (ii) all other Long-Term Bonds. The proposal, found [here](#), is exposed for comment until April 17, 2026.

### 3. *Collateral Loan Proposed RBC Treatment*

Ben Slutsker (MN), Chair of the Life Risk-Based Capital (E) Working Group, reported to the Financial Condition (E) Committee (the “[\(E\) Committee](#)”) regarding the working group’s review of RBC treatment for collateral loan investments. Collateral loans (different from CLOs) are loans that are collateralized by any type of admissible invested asset. In response to regulatory concern that assets with high RBC charges are placed within a loan structure to receive more favorable RBC treatment than their risk warrants, the Life Risk-Based Capital (E) Working Group has proposed an extension of “look-through” RBC treatment to collateral loans (Proposal 2025-16-L MOD). As a result, collateral loans would receive a charge based on the underlying collateral backing the loans. Mr. Slutsker noted that collateral loans currently receive a charge equal to 6.8% of asset value, while the collateral backing these loans (e.g., LLC or LP interests) would otherwise receive a 30% or 45% charge. More than half of the in-scope loans consist of collateral comprised of affiliated investments. The proposal includes a reduction to collateral charges to give credit for collateral in excess of loan value. The current proposal, found [here](#), which

reflects input from interested parties on a prior exposure, is exposed for comment until April 13, 2026 and, if adopted, is contemplated to be effective for year-end 2027 reporting.

## B. Insurer Investments

The Investment Designation Analysis (E) Working Group (successor to the Valuation of Securities (E) Task Force) held its inaugural meeting in joint session with the Invested Assets (E) Task Force, a new task force formed to oversee it along with two other new groups, the Credit Rating Provider (E) Working Group and the Investment Analysis (E) Working Group, all as part of the NAIC's *Framework for Regulation of Insurer Investments—A Holistic Review* (the "Investment Framework"), on which we reported in detail [here](#).

### 1. *Update on the CRP Due Diligence Framework*

The NAIC has hired PwC to design and implement a due diligence framework for the oversight of CRPs used to evaluate investment risk for the assignment of NAIC Designations. The working group plans to hold an open meeting in late April to provide a substantive update from PwC and release a draft due diligence framework for interested party review.

### 2. *IAWG Work Plan*

The Investment Analysis (E) Working Group will meet primarily in regulator-only sessions to monitor risks associated with all types of investment assets and oversee improvements to NAIC investment databases and systems, and has released a tentative six- to nine-month work plan that reflects areas of current focus "based on observed industry activity, regulatory experience, and ongoing analytical work," including:

- **Mortgage Loan Investment Trends.** The working group will discuss how insurers allocate across loan categories based on factors such as loan-to-value ratios and debt service coverage measures. At the Spring National Meeting, the Invested Assets (E) Task Force heard an interested party presentation regarding trends in mortgage loans, which noted their growing significance as an investable asset class for insurers.
- **Industry Trends in "Less-Observable Investments."** The Investment Analysis (E) Working Group also expects to review industry trends in investments that rely more heavily on internal valuation methodologies, often referred to as "Level 3" assets. These discussions are intended to be educational rather than prescriptive, and the working group will update the Invested Assets (E) Task Force on any key observations.
- **Bond Issuer and Structured Securities Reporting.** The Investment Analysis (E) Working Group anticipates reviewing aggregated industry data related to newer bond reporting definitions and structured security classifications. Discussions may highlight how emerging reporting attributes, such as payment-in-kind features, leverage characteristics and other structural elements relevant to risk assessment.

Investment Analysis (E) Working Group Chair Carrie Mears (IA) noted that the workplan above is subject to change to account for new developments—for example, following review of insurers’ recent annual statement filings.

3. *P&P Manual Exposure*

The Investment Designation Analysis (E) Working Group exposed for comment until April 24, 2026 a proposed P&P Manual amendment (found [here](#)) to clarify the situations where the SVO may assess a subsidiary issuer based on the audited financial statements of its parent holding company. The amendment would specify that the SVO may use parent financial statements when (i) the consolidating work papers relating to the issuing subsidiary are provided; (ii) the operations of the parent are limited solely to owning the issuing subsidiary, and the issuing subsidiary constitutes at least 97% of the parent’s pre-tax income and assets on a consolidated basis; or (iii) the SVO has determined that there is other satisfactory support for doing so.

4. *SVO Carryover Filing Report*

The SVO provided a status report on 2025 carryover filings (i.e., insurer-owned securities that were properly filed with the SVO but were not completed by the SVO prior to year-end). The SVO noted a 19.9% increase in filings for the year, primarily driven by a continued increase in private letter rating filings, which have increased by 525.7% over a three-year period. As we reported [here](#), insurance companies seeking filing exemption for privately rated securities are required to file a private rating letter and rationale report with the SVO. As a result, the SVO has seen a “progressive and substantial” increase in carryover filings as it shifts resources away from traditional SVO filings to focus on private letter ratings and attempt to ensure that insurers owning such securities have an NAIC Designation to report by year-end. The Investment Designation Analysis (E) Working Group indicated that it will evaluate appropriate resources to alleviate strain on SVO staff.

C. Statutory Accounting Updates

Key activity by the Statutory Accounting Principles (E) Working Group (“SAPWG”) at the Spring National Meeting included developments related to Separate Account Nonadmitted Assets, IMR, Funds Withheld and Modified Coinsurance, each discussed below.

1. *New Adoption*

a. *Separate Account Nonadmitted Assets*

SAPWG adopted revisions to SSAP No. 56—*Separate Accounts*, effective January 1, 2027, to add nonadmitted asset reporting to the separate account blank for assets held at the general account basis (book-value). Specifically, the revisions provide for the addition of new columns for nonadmitted assets and net admitted assets to the separate account balance sheet, the addition of a line for changes in nonadmitted assets in the surplus section and the creation of a new Exhibit of Nonadmitted Assets page. Assets that exceed admittance limits are to be reflected as

nonadmitted in the separate account, and may be admitted in the future if the reporting entity falls below the admittance limit.

2. *New Exposures*

a. Valuation of Funds Withheld

SAPWG exposed revisions to *SSAP No. 61* to clarify that funds withheld liabilities should be recorded equal to the book/adjusted carrying value of the funds withheld assets. The exposure includes proposed revisions to the Life and Health Annual Statement Instructions on Schedule S (Reinsurance), Parts 3, 4 and 5, and the liabilities page. The funds withheld liabilities are currently treated differently based on whether the reinsurer is authorized, unauthorized or certified in a state.

b. Reporting Restricted Assets in Investment Schedules – ModCo and Funds Withheld

SAPWG decided to re-expose revisions to *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures (“SSAP No. 1”)*, requesting comments on whether to retain the restricted asset codes in the investment schedules, and whether this level of granular reporting is worth retaining. As background, at the 2025 Fall National Meeting, SAPWG previously exposed new reporting codes to *SSAP No. 1*, which were intended to separately identify on an insurer’s investment schedule assets tied to modified coinsurance (“modco”) and funds withheld (“FWH”) reinsurance deals. The exposed revisions included new changes for the restricted asset reporting in note 5L and Schedule S Part 8 that includes reinsurance collateral disclosure.

c. Asset-Liability Management (“ALM”) Derivatives

SAPWG exposed a draft of the newly proposed *SSAP No. 109—Asset-Liability Management (ALM) Derivatives* and a proposed issue paper on interest-rate hedging derivatives used for ALM. The proposed new statutory accounting guidance, with an effective date of January 1, 2027, would allow an amortized cost measurement method for a qualifying derivative program. To qualify, insurers would need to demonstrate a “clearly [defined] hedging strategy” as permitted in the guidance.

d. Residential Mortgage Loans Held in Statutory Trusts

SAPWG exposed a draft issue paper on discussions and decisions pertaining to the revised *SSAP No. 37—Mortgage Loans*, which SAPWG adopted at the 2025 Fall National Meeting and allows qualifying trust structures to report individual residential mortgage loans on Schedule B.

The deadline to comment on all of the exposed items (found [here](#)), some of which are described above, is May 1, 2026.

3. *Other SAPWG Items*

a. IMR Impact on Reinsurance Collateral

After receiving significant feedback from industry on the proposed revisions to *SSAP No. 61—Life, Deposit-Type and Accident and Health Reinsurance and Annual Statement Instructions and Blanks* (“SSAP No. 61”), SAPWG decided to defer revisions until a response is received from the Reinsurance (E) Task Force (“RTF”).

SAPWG’s proposed revisions were intended to clarify the treatment of IMR amounts that are eliminated or “derecognized” (i.e., removed from a reinsurer’s balance sheet) when a reinsurance deal is completed, so regulators can determine the amount of collateral a certified or unauthorized assuming reinsurer must maintain for the cedent to receive reinsurance credit.

The existing guidance in *SSAP No. 61* only requires capturing derecognized net positive IMR (realized gains) as an increase in the collateral requirement. In practice, reinsurers have let the terms of their reinsurance treaties determine whether net positive IMR had an effect on the collateral requirement, and the proposed revisions to *SSAP No. 61* add a footnote clarifying that the rule applies *regardless* of treaty terms. *SSAP No. 61* provides no guidance for derecognized net negative IMR (realized losses). The proposed revisions are intended to address this issue by providing for “asymmetrical treatment” between net positive IMR and net negative IMR. If treatment is asymmetrical, derecognized net positive IMR will increase the collateral requirement, but derecognized net negative IMR will not decrease the collateral requirement.

On March 2, 2026, in lieu of meeting at the Spring National Meeting, RTF considered whether treatment should be symmetrical (both positive and negative IMR affect collateral) or asymmetrical (only positive IMR increases collateral, negative IMR has no effect), and heard the following comments from interested parties on the issue:

- NAIC staff recommends asymmetrical treatment, noting that negative IMR is not a transferable asset and cannot be liquidated for policyholder claims, and allowing negative IMR to reduce collateral could incentivize reinsurance transactions for companies with nonadmitted negative IMR.
- The American Council of Life Insurers (“ACLI”) recommends symmetrical treatment, noting that it better aligns market value of assets and liabilities, stabilizes collateral requirements through economic cycles and prevents collateral implications from interfering with prudent asset-liability management.
- The Academy suggests that, rather than strictly choosing between symmetrical or asymmetrical treatment, negative IMR be allowed as part of the collateral calculation, but the ceding company actuary be required to demonstrate through asset adequacy analysis (either conducted on a standalone basis at the treaty level or aggregated with other reinsurance agreements if the collateral is used to meet the reinsurer’s obligations under such other agreements) that the collateral level is sufficient to support the reinsurer’s liabilities under moderately

adverse scenarios. The tested level of collateral would be floored at policy reserves minus the absolute value of the negative IMR. If no testing is performed, collateral would be floored at policy reserves.

The RTF found that additional analysis would be needed in order to make a determination on the SAPWG referral regarding the proposed *SSAP No. 61* revisions, and will continue to consider the issue.

b. IMR Proof of Reinvestment

SAPWG adopted the IMR Ad Hoc Group’s proposed concept for an IMR proof of reinvestment template, which was exposed for comment after the Fall National Meeting. The concept introduces a “proof of reinvestment” test comprised of a reinvestment test and a weighted-average-yield test to support recognition of negative IMR by requiring companies to demonstrate that sales proceeds are being reinvested into higher-yielding fixed income instruments. The group will continue refining the template, which will allow admission of negative IMR and present it for exposure at a subsequent meeting.

c. Update on IMR Ad Hoc Group

The IMR Ad Hoc group has been meeting regularly since October 2023 to comprehensively revise *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve (“SSAP No. 7”)*, with a focus on clarifying which gains and losses may be allocated to the IMR, addressing the reporting of modco and funds withheld reinsurance transactions, and resolving the appropriate admittance cap for net negative IMR. SAPWG anticipates that the group will present a revised *SSAP No. 7*, a draft issue paper, and related documents proposing reporting revisions and revisions to other SSAPs for exposure after the Spring National Meeting. SAPWG aims to adopt the revised *SSAP No. 7* at the 2026 Summer National Meeting.

d. Investment Subsidiary

The Capital Adequacy (E) Task Force received a referral to implement SAPWG’s recent decision to remove the concept of “investment subsidiary” from statutory reporting, as we described [here](#), by incorporating details in the RBC blanks, instructions and formula for all lines of business to allow regulators to verify the RBC calculation for the underlying assets in investment subsidiaries. The task force also exposed an NAIC staff proposal to implement the referral (Proposal 2026-05-CA). The proposal, found [here](#), is exposed for comment until April 23, 2026.

## II. Innovation, Technology and Privacy Developments

### A. Artificial Intelligence

The Big Data and Artificial Intelligence (H) Working Group continues to develop an *Artificial Intelligence (AI) Systems Evaluation Tool* designed to provide state regulators with an immediate resource for examining insurers’ AI systems through four exhibits that can be incorporated into market conduct or financial examinations, on which we previously reported [here](#). A pilot project is now underway in twelve states, where regulators are utilizing the tool to examine a

sample of their domestic insurers' AI systems within the context of market conduct exams, financial exams and financial analyses. The pilot states will update the public as the pilot progresses. The working group's goal is to further revise the tool based on the feedback received from the pilot group and adopt a final version of the tool at the 2026 Fall National Meeting.

B. Third-Party Data and Models (H) Working Group

As we reported in our 2025 Fall National Meeting Report, the Third-Party Data and Models (H) Working Group has developed a draft Risk-Based Regulatory Framework for third-party data and model vendors engaged with insurers in functions with direct consumer impact such as pricing, underwriting, claims, utilization reviews, marketing and fraud detection (the "Draft Framework"). The Draft Framework's stated purpose is to provide regulators with access to third-party data and models used in insurance functions with direct consumer impact and to establish governance standards for model and data integrity, consumer protection and ongoing monitoring. At the Spring National Meeting, in response to feedback received from interested parties during the Draft Framework's exposure to public comment (which ended on February 6, 2026), the working group determined that it will revise the Draft Framework to initially focus on the regulatory oversight of third-party data and model vendors that provide pricing and underwriting functions to insurers. The working group also agreed that the Draft Framework will create a registry of third-party vendors and will focus on their governance and risk management practices.

The working group intends to expose a revised version prior to the 2026 Summer National Meeting.

C. Cybersecurity (H) Working Group

At an interim meeting on March 13, 2026, the Cybersecurity (H) Working Group adopted the Cybersecurity Event Notification Portal Project Intake Form, which is a project proposal for the NAIC to begin developing an NAIC-hosted portal to receive, manage and track cybersecurity event notifications from licensed entities in states that have adopted the NAIC's *Insurance Data Security Model Law* (Model 668). The portal is intended to facilitate the receipt of notifications by regulators and align with the information a licensee must report in the event of a data breach in accordance with Model 668. The Innovation, Cybersecurity and Technology (H) Committee will consider adopting the intake form at a meeting in April 2026 and, once adopted, NAIC staff will begin to develop the portal.

**III. Reinsurance Matters**

A. Reinsurance Collateral Reduction Update

The Reinsurance Financial Analysis (E) Working Group ("ReFAWG") continues to assist states with reviewing reinsurance collateral reduction applications to determine whether applicants meet the requirement to be recognized as a Certified Reinsurer and/or a Reciprocal Jurisdiction Reinsurer. As of March 2, 2026, ReFAWG had approved 107 Reciprocal Jurisdiction Reinsurers and 40 Certified Reinsurers. Additionally, 49 states and two territories had "passport" at least one Reciprocal Jurisdiction Reinsurer, which is the process that gives states

discretion to defer to the collateral reduction status of a reinsurer in another state. The NAIC's complete list of Certified and Reciprocal Jurisdiction Reinsurers is available [here](#).

B. Qualified Jurisdictions Update

The Mutual Recognition of Jurisdictions (E) Working Group continues to monitor the implementation of regulatory changes in Bermuda, Japan and the United Kingdom, reapproved the status of the seven existing Qualified Jurisdictions (Bermuda, France, Germany, Ireland, Japan, Switzerland and the United Kingdom), and also reapproved the status of the three Reciprocal Jurisdictions that are not subject to an in-force Covered Agreement (Bermuda, Japan and Switzerland).

C. Risk Transfer Analysis of Combination YRT and Coinsurance Reinsurance Agreements

As reported in our 2025 Fall National Meeting Report, Executive and Plenary adopted revisions to *SSAP No. 61* to be effective immediately for new and amended contracts, and subject to reporting on or before December 31, 2026 for existing contracts. The adopted revisions require that (i) coinsurance and YRT components with interdependent features in the same treaty be tested in the aggregate to determine whether there is risk transfer, and (ii) for existing contracts, the change is to be treated as a change in accounting principle under *SSAP No. 3—Accounting Changes and Corrections of Errors*.

On January 12, 2026, SAPWG received a referral from the (E) Committee regarding implementation of *2024-06 Risk Transfer Analysis of Combination Reinsurance Contracts* and directed SAPWG to consider: (i) further education of how permitted practices may be used to address transition issues, and (ii) if any tools were needed to accommodate states or jurisdictions that do not allow permitted practices as a matter of policy.

On January 26, 2026, in response to the referral, NAIC staff distributed to the Chief Financial Regulators in all 56 member jurisdictions an example permitted practice with guiding notes on how states may consider a permitted practice for the transition of existing Coinsurance Reinsurance and YRT agreements, and a survey asking whether the regulators needed additional transition flexibility to be considered. There were 47 responses received and all indicated that no additional flexibility beyond the permitted practice process was needed. As such, SAPWG concluded at the Spring National Meeting that no further steps are required and the matter is considered complete absent further direction from the (E) Committee.

#### IV. Topics of Interest to the Life Insurance Industry

##### A. NAIC's Continued Attention to Funding Agreement-Backed Note Programs

###### 1. *Proposed Annual Statement Disclosures*

In December 2025, we reported [here](#) that the Macroprudential (E) Working Group (“MWG”) exposed a draft memorandum recommending additional disclosures for funding agreements that support FABNs issued by life insurers for an extended comment period ending January 26, 2026.

Since that reporting, on February 17, 2026, the MWG referred to the SAPWG and the Blanks (E) Working Group a revised memorandum, updated to address industry comments. MWG seeks additional disclosures to monitor FABN market activity in accordance with its financial stability monitoring objectives, and the proposed disclosure will enable the NAIC's Financial Stability (E) Task Force to identify transmission channels of potential risk to and from the insurance industry, and the interconnectedness to capital markets. The revised referral seeks disclosure of (i) FABNs, (ii) funding agreement-backed commercial paper, (iii) funding agreement-backed repurchase agreements, (iv) funding agreement-backed loans, (v) funding agreements backing muni prepay structures, and (vi) other funding agreements backing SPV issuances. The referral recommended specific proposals to be incorporated into *SSAP No. 52—Deposit-Type Contracts*, and that Exhibit 7 (Deposit-Type Contracts) to the Annual Statement be revised to incorporate a new footnote relating to funding agreements that back special purpose vehicle issuances.

In response to the referral, SAPWG prepared an agenda item relating to the disclosure of FABNs and similar structures (Ref # 2026-01, categorized as a SAP clarification), and at the Spring National Meeting voted to expose for public comment until May 1, 2026 revisions to the disclosures required by *SSAP No. 52—Deposit-Type Contracts*. In addition to the revisions proposed by the MWG referral, the SAPWG exposure includes an additional disclosure to capture collateral pledged under funding agreement-backed loans and repurchase agreements as well as glossary terms describing the various structures. The exposure also reflects the MWG's sponsored blanks proposal.

The referral materials discussed above are included in SAPWG's Spring National Meeting materials, currently available [here](#). The SAPWG exposure for public comment by May 1, 2026 is also available on SAPWG's website [here](#).

###### 2. *Referral to Receivership and Insolvency (E) Task Force*

At a March 16, 2026 joint meeting of the MWG and Financial Stability (E) Task Force, the MWG voted to make a referral to the NAIC's Receivership and Insolvency (E) Task Force (“RITF”) to review the priority treatment of funding agreements that back all types of FABNs, similar structures and the notes themselves in receivership, and to report back describing RITF's review, recommendations and conclusions.

The RITF is scheduled to meet on Monday, April 20, 2026 to discuss the referral, which is included in the materials for that meeting available [here](#).

**B. Proposal to Modify the Reinvestment Guardrail for Pension Risk Transfer Business under VM-22**

The Life Actuarial (A) Task Force (“LATF”) exposed Amendment Proposal Form 2026-01 (the “PRT Proposal”) which proposes changes to Valuation Manual-22: Requirements for Principle-Based Reserves for Non-Variable Annuities (“VM-22”).

According to LATF, due to the long-duration nature of pension risk transfer (“PRT”) business, companies tend to allocate more of their supporting asset portfolios to less liquid assets that typically earn a higher yield relative to more liquid assets; however, due to additional regulations from the U.S. Department of Labor around PRT business, there is additional control over the asset allocation. The prescribed investment guardrail within the VM-22 framework inflates reserve requirements beyond an appropriate level of conservatism and has incentivized companies to reinsure PRT business to offshore entities where alternative regulatory systems allow for greater reinvestment return assumptions. Accordingly, regulators are concerned that asset-intensive reinsurance transactions may significantly reduce the total assets available to fund policyholder demands, and such arrangements may also reduce transparency for both the direct writer of the business and its regulator.

The PRT Proposal would revise the VM-22 reinvestment guardrail with respect to PRT blocks to enable insurers to establish reserves for PRT annuities—one of the more significant blocks subject to asset-intensive reinsurance—based on a calculation that considers the illiquidity of the business and other factors. The reserve would consider a liquidity premium subject to a guardrail more closely aligned with the average industry investment portfolio and above-investment-grade credit ratings. Qualified actuaries would need to justify the additional liquidity premium within VM-31: Actuarial Report Requirements for Business Subject to a Principle-Based Valuation. The intention of the proposed formula is to better reflect actual investments, while maintaining an appropriate level of conservatism.

The PRT Proposal, found [here](#), was exposed for a public comment period ending on May 7, 2026.

**C. Suitability in Annuity Transactions Model Regulation # 275-1**

At an interim meeting on March 11, 2026, the NAIC Annuity Suitability (A) Working Group discussed Executive and Plenary’s priority of communicating annuity suitability compliance and best interest standards, in part through developing principle-based guidance informed by company practices. In 2026, the working group plans to develop a Best Practices Resource Document white paper, outlining the best industry compliance practices and procedures that insurers have implemented to satisfy the supervisory obligations of NAIC Suitability in Annuity Transactions Model Regulation # 275-1 (“Model 275”).

At the interim meeting, the working group exposed a framework for the white paper and is seeking feedback regarding best practices and compliance challenges for the following topics: (i) training resources for verifying,

assessing and auditing producer understanding and compliance with Model 275; (ii) the systems and procedures insurers use for Model 275 supervision of consumer recommendations and processing; and (iii) retention of required forms and eliminating conflicts of interest. At the Spring National Meeting, the Life Insurance and Annuities (A) Committee reported that the deadline for interested parties to provide feedback on the exposed framework was extended to May 11, 2026. The exposed framework of the white paper can be found [here](#).

D. Life and Fraternal RBC Instructions

The Capital Adequacy (E) Task Force adopted a revision to the Life and Fraternal RBC Instructions (Proposal 2025-17-L) to clarify that companies that reserve for payout annuities resulting from variable annuities under VM-21 (Requirements for Principle-Based Reserves for Variable Annuities) should exclude such reserves from the Interest Rate Risk and Market Risk calculation.

V. **Topics of Interest to the P&C Insurance Industry**

A. Homeowners Insurance Matters

During the Spring National Meeting, the Homeowners Market Data Call (C) Task Force announced that it would issue the Homeowners Market Data Call with requested data due on June 15, 2026. As previously reported, the Executive and Plenary adopted an updated template and definitions for the Homeowners Market Data Call at the 2025 Fall National Meeting. The data call will be mandatory for insurance companies that have written \$50,000 or more in homeowners and fire insurance premiums in any year from 2018 to 2025, with exceptions for fire insurers that do not also write relevant homeowners insurance. In the Opening Session, NAIC President Scott White highlighted that the data call will capture roughly 98% of the market in most states and expand beyond traditional homeowners policies to include more state-specific information, such as wildfire deductibles and nonrenewals tied to particular hazards. The data collected will help regulators assess how coverage options and deductibles affect costs and access, evaluate mitigation efforts, monitor insurers' financial strength and better understand consumer awareness of insurance options. The Homeowners Market Report (C) Working Group plans to draft and publicly release a report analyzing the data received from the data call by early 2027.

B. Natural Catastrophe Risk and Resiliency

1. *Changes to Natural Catastrophe Risk and Resilience (EX) Task Force Structure*

Since the 2025 Fall National Meeting, the NAIC has consolidated the Climate and Resiliency (EX) Task Force, Catastrophe Insurance (C) Working Group, and NAIC/Federal Emergency Management Agency (FEMA) (C) Working Group into the new Natural Catastrophe Risk and Resilience (EX) Task Force. The new task force serves as the primary coordinating body for discussions on natural catastrophe risk and resilience, among other purposes. Moving forward, the Pre-Disaster Mitigation & Risk Modeling (EX) Working Group and the Severe Peril (EX) Working Group will report to the task force. The priorities of the two working groups for 2026 include developing a model law

on state-based mitigation programs for natural disasters and launching a national initiative to raise awareness of flood risk and risk mitigation strategies, respectively.

2. *Update on the NAIC Disaster Preparedness Guide*

In April 2026, the Natural Catastrophe Risk and Resilience (EX) Task Force plans to expose for a 30-day comment period a draft of the NAIC Disaster Preparedness Guide, which has been in development since March 2025, and adopt it at the 2026 Summer National Meeting.

3. *Mitigation Grant Model Law Development*

The Pre-Disaster Mitigation & Risk Modeling (EX) Working Group has been tasked with developing a model law related to state-based mitigation grant programs. The model law, to be named the “Strengthen Homes Act,” will provide consistent guidance for states developing mitigation programs by standardizing processes and metrics, premium discount calculations, certification and data-gathering strategies and documentation requirements. The model law will build on established frameworks (e.g., Insurance Institute for Business & Home Safety (IBHS)-aligned practices) and ensure uniform program administration for consistency, so that insurers and stakeholders can better plan, budget, and support long-term risk-reduction efforts. Working Group Chair and Louisiana Insurance Commissioner Timothy Temple also explained that the model law will be flexible for any state to use for any peril, yet consistent from state to state so that insurers and legislators can quickly support its adoption.

C. Addition of Wildfire Peril to Property/Casualty RBC Blanks and Instructions

The (E) Committee adopted a revision to the Property/Casualty RBC Blanks and Instructions (Proposal 2025-20-CR) to add wildfire peril to the catastrophe risk charge (RCAT) component, along with hurricane and earthquake risk, reflecting enhanced reliability and applicability of catastrophe models following a review of model outputs with respect to wildfire peril. A similar review is underway with respect to convective storms. In addition, the Capital Adequacy (E) Task Force adopted a revision to the Property/Casualty RBC Blanks to differentiate hurricane and earthquake losses, in order to more effectively manage and address each peril (Proposal 2025-19-CR).

**VI. Other Topics of General Interest**

A. NAIC Adopts Restructuring Mechanisms White Paper

Executive and Plenary adopted the white paper on restructuring mechanisms (the “White Paper”) previously adopted by the (E) Committee on December 11, 2025, representing the final step in the NAIC’s years of work toward completing this charge of the Restructuring Mechanisms (E) Working Group since its formation in 2019.

As we reported [here](#) in December, the White Paper responds to select states’ enactment in recent years of insurance business transfer (“IBT”) and corporate division laws, which provide novel mechanisms for an insurer to transfer policy liabilities to another entity, without the need for individual policyholder consents. The White Paper updates

prior NAIC white papers<sup>1</sup> to explain the new processes provided by these laws. Following extensive background on the historical and regulatory landscape for restructuring transactions and a survey of U.S. states' restructuring laws and corporate division and IBT transactions completed to date, the White Paper discusses various legal and regulatory topics that regulators and other interested parties have considered, including the impact of IBT and corporate division transactions on claimants and legal impacts of IBT and corporate division laws, and makes various recommendations for regulators considering IBT and corporate division legislation and transactions.

The adopted White Paper is included in Executive and Plenary's 2026 Spring National Meeting materials, currently available [here](#). We will continue to monitor and report on legislative and NAIC developments related to IBT and corporate division transactions, including the *Best Practices Procedures for IBT/Corporate Divisions* adopted by the Restructuring Mechanisms (E) Working Group in early December 2025, as discussed further [here](#).

## B. International Updates

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

The Aggregation Method Implementation (G) Working Group is coordinating the implementation of the IAIS's insurance capital standard ("ICS") in the United States through the Aggregation Method ("AM") (i.e., the method that underlies the U.S. group capital calculation ("GCC") tool). The IAIS completed a comparability assessment in 2024, finding that the AM provides a "basis for implementation" of the ICS in the United States. The assessment also identified areas where the AM diverges from the ICS, particularly in interest rate sensitivity and triggers for supervisory intervention. The working group has been reviewing how existing U.S. group solvency regulation addresses the issues highlighted in the comparability assessment, which review is expected to result in the NAIC's adoption of a "FinalAM."

At the Spring National Meeting, the working group exposed for comment until May 11, 2026 a draft summary of findings and recommendations from its review, which can be found [here](#). The draft states that the U.S. group capital solvency framework "overall provides a robust and credible foundation for an aggregation-based implementation of the ICS," and recommends "targeted adjustments and refinements" to "help ensure convergence of outcomes with the ICS." Recommendations include refinements to scalars in the Final AM, improved transparency regarding sensitivity to interest rate changes (e.g., a sensitivity test in the GCC template for life IAIGs to describe interest rate scenarios) and clearer articulation of how existing tools are applied on group capital adequacy grounds (e.g., clarify the ORSA guidance manual to indicate that the GCC is an appropriate group regulatory capital reporting tool for IAIGs).

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<sup>1</sup> The Liability-Based Restructuring White Paper (1997) and Alternative Mechanisms for Troubled Companies (2010) are included as attachments to the adopted White Paper.

NAIC staff emphasized that the recommendations do not include creating any new regulatory tools. In response to an interested party question regarding the scope of public disclosure that could be required under a Final AM, the Aggregation Method Implementation (G) Working Group acknowledged the confidentiality of the GCC under the *NAIC Insurance Holding Company System Regulatory Act (Model 440)* but indicated that further guidance from the IAIS is needed on public disclosure expectations with respect to the ICS, as the IAIS is still updating its Insurance Core Principles to address the ICS.

After resolving comments, the working group expects to submit recommendations to the International Insurance Relations (G) Committee (the “(G) Committee”) for approval at the 2026 Summer National Meeting. Recommendations relating to the GCC and ORSA will be referred to the (E) Committee. The Final AM will be documented for review and adoption in the second half of 2026, before the IAIS begins to assess member jurisdictions’ implementation of the ICS by as early as 2027.

## 2. *IAIS Activities*

The (G) Committee heard reports on recent IAIS activities from NAIC members who serve on IAIS committees, and held a Q&A session with IAIS Secretary General Jonathan Dixon. The IAIS recently published its Roadmap for 2026 and 2027, available [here](#), which highlights several topics (along with the IAIS’s work toward implementation of the ICS, as discussed above):

- Following the publication in November 2025 of an [Issues Paper](#) examining structural shifts in the life insurance sector, the IAIS will continue to address vulnerabilities and implement effective supervisory practices, such as enhanced data collection through the Global Monitoring Exercise (GME). Supporting material will be developed on (i) insurers’ increased investment allocations to alternative assets/private credit; and (ii) the growth of asset-intensive reinsurance, with practical examples regarding supervisory practices to address these shifts. Commissioner Nathan Houdek (WI) noted that the IAIS’s work in this area tracks with the NAIC’s 13 “Considerations” related to private equity ownership of insurers, as we described in detail [here](#), and that the NAIC has been actively engaging with the IAIS.
- Following the publication in April 2025 of an [Application Paper](#) on the supervision of climate-related risks, the IAIS will seek to provide supervisors with “practical materials and tools” to monitor, assess and address climate-related risks to the insurance sector.
- Following the publication in July 2025 of an [Application Paper](#) on the supervision of AI, the IAIS will continue to monitor and discuss emerging digitalization trends and their impact on the global insurance sector, and support implementation of effective supervisory practices related to those trends.
- On February 12, 2026, the IAIS published its final [Application Paper](#) on operational resilience objectives, which aims to share information for supervisors and insurers in understanding how to assess and address operational resilience in light of ICP risk management requirements.

- In 2026, the IAIS will complete a [peer review process](#) on ICP 13 (Reinsurance), culminating in a public aggregate report.

C. Market Regulation, Consumer Affairs and Producer Licensing Developments

The Market Regulation and Consumer Affairs (D) Committee (“(D) Committee”) discussed a new initiative to assess the current regulatory market framework to develop a strategic, forward-thinking road map and determine whether today’s market conduct regulatory framework has the data, systems, tools and supervisory approaches needed to oversee a rapidly evolving industry. In support of this initiative, at the Spring National Meeting, the (D) Committee formed the Market Conduct Regulation Modernization (D) Working Group which is charged with assessing the current state of the market conduct regulatory framework and identifying recommendations for improvement and modernization warranted by evolving markets, business models, and consumer expectations. The new working group looks to improve the collection and analysis of Market Conduct data and develop recommendations for adoption by the (D) Committee by the 2026 Fall National Meeting. The (D) Committee intends for the activities and action items of its other working groups to align with the strategic direction set by the new Market Conduct Regulation Modernization (D) Working Group.

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