FINANCIAL REGULATION & COMPLIANCE AGENDA

Monday, May 16

Financial Exam Update (R/I) 8:00 a.m. – 8:50 a.m., Atlanta – Ballroom Level
During this session, examiners will learn about the recent updates to the Financial Condition Examiners Handbook. Specific changes to be discussed include updated interim work, contractor oversight and cybersecurity considerations.

Presenters: Bailey Henning, Financial Examination Coordinator, NAIC
Jacob Steilen, Financial Examination & Accreditation Specialist, NAIC

A.M. Best Credit Rating Methodology Update (R/I) 8:00 a.m. – 8:50 a.m., Chicago – Ballroom Level
The presentation will discuss the proposed revisions to our core credit rating methodology, Best’s Credit Rating Methodology (BCRM), as well as the proprietary, risk-based Best’s Capital Adequacy Ratio (BCAR) model for U.S. property/casualty (P/C) organizations.

Although the underlying principles of the A.M. Best analysis remain unchanged, thus do not represent a fundamental change to the rating analysis, these important initiatives will provide greater transparency into the rating process. The proposed BCAR criteria procedure update applies to U.S. property/casualty companies at the current time.

Presenter: Anthony Diodato, Group Vice President, A.M. Best

Statutory Accounting Updates and Issues (R/I) 8:00 a.m. – 8:50 a.m., Empire – Mezzanine Level
This session will discuss current and upcoming accounting projects and issues impacting statutory accounting.

Presenters: Josh Arpin, Senior Accounting and Reinsurance Policy Advisor, NAIC
Julie Gann, Senior Manager II – Accounting and Reporting, NAIC
Robin Marcotte, Senior Manager Accounting Policy Advisor, NAIC
Fatima Sediqzad, SCA Valuation & Accounting Policy Advisor, NAIC

Statutory Accounting Updates and Issues—continued (R/I) 9:00 a.m. – 9:50 a.m., Empire – Mezzanine Level
This session will discuss current and upcoming accounting projects and issues impacting statutory accounting.
Monday, May 16 (continued)

**Covered Agreements, Credit for Reinsurance and Counterparty Credit Risk (R/I)**

9:00 a.m. – 9:50 a.m., Chicago – Ballroom Level

Through the pursuit of a covered agreement, the U.S. Department of Treasury, the United States Trade Representative and the European Union have indicated their desire to afford EU-based reinsurers national uniformity in the U.S. regarding credit for reinsurance and related collateral requirements. What can state insurance regulators do to address this issue? How does Solvency II treat counterparty credit risk and what can be done to achieve full equivalence so that there is no need for a covered agreement?

**Presenter:** Bryan Fuller, Director, Examination Resources, LLC

**The Accreditation Program and Analysis Tips (R*)**

9:00 a.m. – 9:50 a.m., Atlanta – Ballroom Level

This session will provide regulators with a brief history of the accreditation program. Focus will be on what is expected during accreditation reviews, specifically discussing each analysis standard and what the review teams look for.

**Presenters:** Sara Franson, Accreditation Program Manager, NAIC
John Humphries, Managing Partner, AGI Services

**Best Practices in Reviewing and Monitoring Affiliate Transactions (R*)**

10:30 a.m. – 11:20 a.m., Atlanta – Ballroom Level

This session will involve a panel of experienced regulators in discussing best practices for reviewing and approving Form D applications as well as monitoring the appropriateness and solvency impact of affiliate transactions on an ongoing basis. Common transactions/agreements to be discussed include investment management agreements, management service agreements, affiliated reinsurance contracts, tax sharing agreements, etc.

**Presenters:** Dana Rudmose, Co-Founder, Rudmose & Noller Advisors, LLC
Mark Noller, Co-Founder, Rudmose & Noller Advisors, LLC

**Financial Reporting Updates & Issues (R/I)**

10:30 a.m. – 11:20 a.m., Empire – Mezzanine Level

Included in this section are significant recent or proposed changes to the NAIC Annual Statement Blanks and instructions.

**Presenter:** Mary Caswell, Data Quality Manager, NAIC

**ORSA (R/I)**

10:30 a.m. – 11:20 a.m., Chicago – Ballroom Level

This session will cover the conceptual tie-in of U.S. ORSA reports to foreign filings (for example, international “ORSA-like filings” such as the BMA’s CISSA and FINMA’s SST) and use of ORSA in the group capital discussion, as considerations exist with Solvency II products that might require more capital. We will also discuss how ORSA can speed up exams and be used to effectively communicate risk and be part of the planning efforts for important regulatory discussions such as Supervisory College meetings. As discussed in the recent AAA paper, "ORSA and the Regulator," there is no question that an ORSA report provides valuable information to regulators, allowing for a better assessment of an insurer’s risk management approach and an understanding of where individual insurers fall in the spectrum of ERM practices. This session will speak to some of these key highlights as well.

**Presenters:** LeeAnne Creevy, Partner, Risk and Regulatory Consulting, LLC
Patrick Tracy, Partner, Risk and Regulatory Consulting, LLC
Monday, May 16 (continued)

**Industry Overview (R/I)**
1:00 p.m. – 1:50 p.m., Atlanta – Ballroom Level
This session will highlight the 2015 annual insurance industry financial results and discuss trends and recent events.

**Presenters:** Andy Daleo, Senior Property/Casualty Financial Analysis Manager, NAIC
Jane Koenigsman, Senior Life/Health Financial Analysis Manager, NAIC

**PBR Implementation Update and other Valuation Related Issues (R/I)**
1:00 p.m. – 1:50 p.m., Empire – Mezzanine Level
This session will provide an update to the PBR blanks changes, PBR Financial Analysis Handbook changes, PBR Financial Condition Examination Handbook changes, 2016 PBR Pilot Project and NAIC Modeling Support of States and the Standard Portfolio for Modeling Calibration.

**Presenter:** Larry Bruning, Managing Life Actuary, NAIC

**A.M. Best Credit Rating Methodology Update (R)**
1:00 p.m. – 1:50 p.m., Chicago – Ballroom Level
The presentation will discuss the proposed revisions to our core credit rating methodology, Best’s Credit Rating Methodology (BCRM), as well as the proprietary, risk-based Best’s Capital Adequacy Ratio (BCAR) model for U.S. property/casualty (P/C) organizations.

Although the underlying principles of the A.M. Best analysis remain unchanged, thus do not represent a fundamental change to the rating analysis, these important initiatives will provide greater transparency into the rating process. The proposed BCAR criteria procedure update applies to U.S. property/casualty companies at the current time.

**Presenter:** Anthony Diodato, Group Vice President, A.M. Best

**Accreditation Hot Topics & Issues (R/I)**
2:00 p.m. – 2:50 p.m., Atlanta – Ballroom Level
This session will provide a brief history and overview of the NAIC financial regulation standards and accreditation program. It will also include a discussion of recent developments in the accreditation program as a result of the work of the Financial Regulation Standards and Accreditation (F) Committee (FRSAC).

**Presenter:** Becky Meyer, Financial Examination Manager, NAIC

**Capital Markets Update (R/I)**
2:00 p.m. – 2:50 p.m., Empire – Mezzanine Level
The financial crisis of 2008 highlighted the importance of tracking investment markets from a macro-prudential standpoint. Extreme levels of volatility exposed risks in even conservatively managed portfolios. Volatility is continuing—with commodity prices, currency exchange rates and capital flows. This requires both insurance company investment professionals and insurance regulators to think differently and to engage more. Insurers need to understand more where regulators concerns may lie and how to resolve those concerns. Insurance regulators need to be focused more on what the real risks to solvency are.

**Presenter:** Ed Toy, Director, Capital Markets Bureau, NAIC

This agenda is tentative and subject to change.
Monday, May 16 (continued)

**Solvent Monitoring Risk Alert (R*)**
2:00 p.m. – 2:50 p.m., Chicago – Ballroom Level
This session will highlight and explain areas of emerging or increasing solvency risk that insurers may be facing in light of current market conditions and industry exposures as well as provide suggestions to investigate and address risks during analysis and examination.

**Presenters:** Bruce Jenson, Senior Manager II – Solvency Monitoring, NAIC
Jane Koenigsman, Senior Life/Health Financial Analysis, NAIC

**Dynamic Financial Examinations (R/I)**
3:30 p.m. – 4:20 p.m., Atlanta – Ballroom Level
This session will share insights into how examiners can leverage recent updates to the exam process to enhance solvency monitoring and find efficiencies by leveraging the work of analysts.

**Presenters:** Miguel Romero, Financial Examination Manager, NAIC
Bailey Henning, Financial Examination Coordinator, NAIC
Jacob Steilen, Financial Examination & Accreditation Specialist, NAIC

**Introduction to iSite+ (R*)**
3:30 p.m. – 4:20 p.m., Empire – Mezzanine Level
iSite+ is a redesign of NAIC’s I-SITE interface that currently houses a wealth of applications, reports and searches that provide access to NAIC’s world famous financial, market regulation and producer licensing databases. The redesigned application has a new look, improved navigation, and enhanced tools. It is easier to read and navigate when viewed on tablets and smartphones and provides improved search capabilities. Come see how NAIC has made a great and powerful regulatory tool even better.

**Presenter:** Frances Stuart, Technical Training Manager II, NAIC

**Reinsurance (R/I)**
3:30 p.m. – 4:20 p.m., Chicago – Ballroom Level
This session will present an overview of the reinsurance market, including several regulatory issues that are of particular importance to the industry.

**Presenters:** Josh Arpin, Senior Accounting and Reinsurance Policy Advisor, NAIC
Dan Schelp, Managing Counsel, NAIC
Tuesday, May 17

**International Standards for Insurance Regulation (R/I)** 8:00 a.m. – 8:50 a.m., Chicago – Ballroom Level
This session will cover key issues and developments with brief highlights of the major IAIS workstreams, FSB systemic designations, US-EU project, and IMF FSAP.
*Presenter: Ryan Workman*, Senior International Relations Policy Counsel, NAIC

**NAIC ORSA: A Practical Guide to the DOI’s First Year Reviews (R/I)** 8:00 a.m. – 8:50 a.m., Empire – Mezzanine Level
As the majority of states have adopted the ORSA Model Law in 2015 and have received the first ORSA Summary Reports, this session aims to provide practical guidance to DOI staff on the critical areas for the review of these reports and discussion with the insurers ahead of the 2016 submissions. NAIC staff dedicated to assist the DOIs with the ORSA reviews will share their experience of reviewing more than 60 reports and help DOI staff to plan efficiently.
*Presenters: Sherry Flippo*, Financial Education Program Manager, NAIC  
*Eli Russo*, ERM Advisor, NAIC

**The Accreditation Program and Examination Tips (R*)** 8:00 a.m. – 8:50 a.m., San Francisco – Ballroom Level
This session will provide regulators with a brief history of the accreditation program. Focus will be on what is expected during accreditation reviews, specifically discussing each examination standard and what the review teams look for.
*Presenters: Sara Franson*, Accreditation Program Manager, NAIC  
*Bill O’Connell*, Managing Director, Noble Consulting Services, Inc.

**Group Capital Standards (R/I)** 9:00 a.m. – 9:50 a.m., Chicago – Ballroom Level
This session will focus on the IAIS development of a global group Insurance Capital Standard (ICS) for Internationally Active Insurance Groups (IAIGs), as well as provide an update on the Basic Capital Requirements (BCR) and the development of Higher Loss Absorbency (HLA) capital standards for Globally Systemically Important Insurers (G-SIIs).
*Presenter: Ani Verma*, International Insurance Policy Advisor, NAIC

**TeamMate (R/I)** 9:00 a.m. – 9:50 a.m., Empire – Mezzanine Level
This session will cover proposed features of the new TeamMate+ version 1. Join us to see what is on the horizon for TeamMate users.
*Presenters: James Portuguez*, Electronic Workpaper Program Manager, NAIC  
*Philip A. Gonzalez*, Product Owner/Client Development Liaison, TeamMate

**Emerging Investment Issues and Concerns for Insurance Regulators (R*)** 9:00 a.m. – 9:50 a.m., San Francisco – Ballroom Level
To be competitive, insurance companies are increasingly investing in more complex instruments where credit is not the primary risk and the real risk is not readily apparent, as well as engaging in more complex investment strategies. Regulators today need to pay closer attention to the investment practices of regulated entities and the potential for adverse impact on portfolios by volatile market conditions. However, financial analysis and examination needs to be more focused on real risks to solvency. Where are the pitfalls today?
*Presenter: Ed Toy*, Director, Capital Markets Bureau, NAIC

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Tuesday, May 17 (continued)

PEOs & MGAs (R/I)  🍋  10:30 a.m. – 11:20 a.m., Chicago – Ballroom Level
This presentation will cover PEOs and MGAs and how they can have significant impacts on their insurance companies. PEOs and MGAs present hidden risks to insurance companies. This presentation will begin by going through the licensing environment in which they operate. Then it will move to a general discussion of what they are and what they do. We will discuss significant issues such as leverage, lack of control and credit risk that can derail insurance companies. Real life examples and situations will be discussed along the way, with time for questions at the end.
Presenters: Dave Shepherd, Principal, Merlinos & Associates, Inc
          Cindy Donovan, Chief Financial Examiner, Indiana Department of Insurance

The Impact of 2015 Catastrophes on the P&C Market (R/I)  🍋  10:30 a.m. – 11:20 a.m., Empire – Mezzanine Level
In this session we will discuss major P&C catastrophes in the U.S. and International markets and the effects they had on insurer financial results, plus how catastrophes have affected pricing and the underwriting cycle in various P&C lines of business.
Presenters: Aaron Brandenburg, Economist & Statistical Information Manager, NAIC
          Dave Keleher, Senior Property & Casualty Specialist, NAIC

Variable Annuities (R/I)  🍋  10:30 a.m. – 11:20 a.m., San Francisco – Ballroom Level
This session will present a high-level summary of the issues leading the NAIC to consider a change to the statutory framework for variable annuities as well as a summary of some of the potential changes that could be made to the framework.
Presenter: Dan Daveline, Director, Financial Regulatory Services Department, NAIC

Cybersecurity Update (R/I)  🍋  1:00 p.m. – 1:50 p.m., Chicago – Ballroom Level
During this session, examiners will learn about the recent updates to the Financial Condition Examiners Handbook regarding cybersecurity. We will discuss how the updated guidance can be used to address cybersecurity risks during a Financial Examination.
Presenter: Miguel Romero, Financial Examination Manager, NAIC
          Jack Ho, Senior Examiner/IT Specialist, California Department of Insurance
          Ber Vang, Senior Insurance Examiner Supervisor, California Department of Insurance

Risk-Based Capital Update (R/I)  🍋  1:00 p.m. – 1:50 p.m., Empire – Mezzanine Level
This session will discuss significant changes that have been adopted and any current proposals that are being considered for the 2016 NAIC Risk-Based Capital filing for the Life, Health and Property/Casualty formulas. This session will also include an update on the work of the Investment Risk-Based Capital (E) Working Group and its consideration of the various RBC formulas in regards to investments.
Presenters: Crystal Brown, Senior Insurance Reporting Analyst, NAIC
          Julie Garber, Senior Manager – Solvency Regulation, NAIC
Tuesday, May 17 (continued)

**Understanding Credit Analysis: Corporate and Municipals (R*)**

1:00 p.m. – 1:50 p.m., San Francisco – Ballroom Level

The Securities Valuation Office (SVO) looks at a number of factors when it evaluates the investments filed with it. The SVO's general investment analysis framework has five primary components; Legal, Structural, & Accounting Considerations, Business Risk Assessment, Financial Risk Assessment, Peer Comparison, and Governance and Management. This session will go over each of these components and discuss how they affect the ultimate assignment of an NAIC Designation to a Corporate or Municipal debt obligation by the SVO.

**Presenters:** Catherine Cosentino, Credit Analyst, NAIC  
Robert Nelson, Senior Credit Analyst, NAIC  
Charles Therriault, Director, Securities Valuation Group, NAIC

**Group Capital Calculation (R/I)**

2:00 p.m. – 2:50 p.m., Chicago – Ballroom Level

This presentation will discuss the progress of the Group Capital Calculation (E) Working Group as it develops a group capital calculation as an additional regulatory analysis tool. The presentation will describe the methodology used to determine the calculation, as well as the general timeline for implementation.

**Presenter:** David Altmaier, Commissioner, Florida Office of Insurance Regulation

**Introduction to Structured Securities (R/I)**

2:00 p.m. – 2:50 p.m., Empire – Mezzanine Level

This session will provide an overview of the size, scope and structure of the Structured Securities Market and will include discussion of the important terms associated with Structured Securities and key concepts when looking at an insurer's structured securities portfolio. Adopted from the NAIC's Structured Securities Bootcamp.

**Presenter:** Eric Kolchinsky, Director, Structured Securities Group, NAIC

**Looking Forward to Changes in the Accreditation Program (R*)**

2:00 p.m. – 2:50 p.m., San Francisco – Ballroom Level

This session will provide regulators with an overview of proposed changes to the accreditation program. Proposed changes to the accreditation guidelines focus on the quality and substance of analysis and examination work as well as increased attention to the role of senior management within an insurance department.

**Presenters:** Becky Meyer, Financial Examination Manager, NAIC  
Sara Franson, Accreditation Program Manager, NAIC  
Bruce Schowengerdt, Founder, Schowengerdt Consulting, LLC