



Memo

To: Christy Neighbors, Chair (Nebraska), Group Solvency Issues (E) Working Group

cc: Bruce Jenson, NAIC Senior Manager – Solvency Oversight Policy
Jane Koenigsman, NAIC Senior Manager – Life/Health Financial Analysis

From: Tricia Matson, Risk & Regulatory Consulting, LLC (“RRC”)
LeeAnne Creevy, Risk & Regulatory Consulting, LLC
Nan Nguyen, Risk & Regulatory Consulting, LLC

Date: September 29, 2017

Subject: RRC response to the revision of the NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual to be published in December 2017

Background

The National Association of Insurance Commissioners (“NAIC”) Group Solvency Issues (E) Working Group (GSIWG) sent out a revision of the NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual (“the Guidance Manual”) and requested public comments. The changes relate to the process by which future revisions to the manual will be handled.

RRC appreciates the opportunity to offer our comments. Should you have any questions, we would be glad to discuss our comments with you and the GSIWG members.

RRC Comment

Overall, we believe the revisions are positive and promote transparency regarding the process for updating the Guidance Manual.

We have only one suggested revision. Item number 4 of Section D, “Maintenance Process,” states that any proposal that would change the Guidance Manual will be effective January 1 following the NAIC Fall National Meeting in which it was adopted. The NAIC Fall National Meetings tend to occur in December; therefore, a January 1 effective date only provides companies less than a month of notice, which may create challenges. Although it is true that companies have most of the year to submit the ORSA, most companies provide information regarding previous year end risk metrics. Having to change those with such a short time frame might not be well received. In addition, some companies produce their ORSA reports on a defined schedule and might be doing the work on the report early in the year, which would also create a challenge. And lastly, if the short notice period encourages companies to submit their ORSA reports later in the year, it could put a strain on insurance department analysts that review ORSAs, since their review work would all need to occur close to year end.

RRC suggests that the NAIC allow for more time from the date of changes to their effective date, such as from the NAIC Summer National Meeting to January 1 of the following year.