



NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

2024

**ANNUAL**  
REPORT

ADVANCING  
INSURANCE  
**REGULATION**



# CONTENTS

MESSAGE FROM THE 2024 NAIC OFFICERS AND CEO	2
ABOUT THE NAIC	4
STATE CONNECTED	6
REGULATORY PRIORITIES	8
COMMITTEE HIGHLIGHTS	12
Climate and Resilience (EX) Task Force	12
Special (EX) Committee on Race and Insurance	13
Life Insurance and Annuities (A) Committee	14
Health Insurance and Managed Care (B) Committee	14
Medicare Advantage and Affordable Care Act Plan Issues	14
Property and Casualty (C) Committee	14
Market Regulation and Consumer Affairs (D) Committee	16
Financial Condition (E) Committee	17
Financial Regulation Standards and Accreditation (F) Committee	18
International Insurance Relations (G) Committee	19
Innovation, Cybersecurity, and Technology (H) Committee	21
LEGISLATIVE HIGHLIGHTS	22
CENTER FOR INSURANCE POLICY AND RESEARCH (CIPR)	24
ACCELERATING INVESTMENTS IN TECHNOLOGY	27
MEMBER SERVICES	30
Member Engagement	30
Meetings, Events, and Travel Services	31
Education and Training	33
Communications	33
RECOGNIZING REGULATOR ACHIEVEMENTS	36
2025 OUTLOOK	37
FINANCIAL REPORT	39

# MESSAGE FROM THE 2024 NAIC OFFICERS AND CEO

The National Association of Insurance Commissioners (NAIC) has a story of innovation, collaboration, and successes that hold true to our mission. Throughout our 153-year history, the organization has continued to build upon its foundation of strengthening the state-based insurance regulatory system in the United States, and 2024 was no exception.

The NAIC commitment to address protection gaps, or to “Mind the (Insurance) Gap,” underscores the organization’s dedication to supporting members in protecting consumers and ensuring a stable, thriving insurance marketplace. We ensure that regulators are armed with the knowledge and the tools to help consumers mitigate risk, to speed resilience, and, yes, to mind the protection gap.

Our dedicated members worked tirelessly to address emerging risks and uphold the highest standards of insurance regulatory practice. Together, we are fostering market stability and protecting the interests of policyholders.

As we look ahead, we are confident that our collective efforts will continue to strengthen the foundation of state-based insurance regulation and drive positive change for the future.

This Annual Report highlights the NAIC’s collective achievements, initiatives, and unwavering commitment to state-based insurance regulation and supporting our members.

Our 2024 NAIC President, Connecticut Insurance Commissioner Andrew N. Mais, set his theme as “Mind the Gap,” a call to remove unnecessary barriers to insurance coverage and enhance financial literacy. So, it is a fitting banner for this report on the year’s many accomplishments.

In the following pages, you will discover how our 56 Members and the NAIC are honoring the sacred trust passed to us to protect consumers and endeavor to ensure healthy, secure, stable, and competitive markets now and for years to come.

Sincerely,

**Andrew N. Mais**  
*NAIC President*

**Jon Godfread**  
*NAIC President-Elect*

**Scott White**  
*NAIC Vice President*

**Elizabeth Kelleher Dwyer**  
*NAIC Secretary-Treasurer*

**Gary Anderson**  
*NAIC Chief Executive Officer*



**ANDREW N. MAIS**  
*NAIC PRESIDENT*  
Commissioner, Connecticut  
Insurance Department



**JON GODFREAD**  
*NAIC PRESIDENT-ELECT*  
Commissioner  
North Dakota Insurance



**SCOTT WHITE**  
*NAIC VICE PRESIDENT*  
Commissioner, Virginia Insurance  
Department Business Regulation



**ELIZABETH KELLEHER DWYER**  
*NAIC SECRETARY-TREASURER*  
Director, Rhode Island  
Department of Business Regulation



**GARY ANDERSON**  
NAIC Chief Executive Officer



# ABOUT THE NAIC

The National Association of Insurance Commissioners (NAIC) provides expertise, data, and analysis for insurance departments to effectively regulate the industry and protect consumers. Founded in 1871, the U.S. standard-setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia, and the five U.S. territories of Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, and the Northern Mariana Islands. Through the NAIC, these insurance regulators establish standards and best practices, conduct peer reviews, and coordinate regulatory oversight. NAIC team members support these efforts and represent the collective views of state regulators domestically and internationally.



Alan McClain, Commissioner, Arkansas Insurance Department, and Lori K. Wing-Heier, Director, Division of Insurance, Alaska Department of Commerce, Community, and Economic Development



Andrew R. Stolfi, Commissioner, Oregon Department of Financial Regulation, and Mike Humphreys, Commissioner, Pennsylvania Insurance Department

## OUR MISSION

The NAIC's mission is to assist state insurance regulators, individually and collectively, in serving the public interest and achieving the following fundamental insurance regulatory goals in a responsive, efficient, and cost-effective manner, consistent with the desires of its members to:



- Protect the public interest.
- Promote competitive markets.
- Facilitate the fair and equitable treatment of insurance consumers.
- Promote the reliability, solvency, and financial solidity of insurance institutions.
- Support and improve the state regulation of insurance.



## OUR CULTURE AND VALUES

The NAIC supports state insurance regulators as they protect consumers by working to ensure “promises made are promises kept.” Insurers promise to pay policyholders in their time of need. Insurance regulators promise to protect consumers and keep markets safe and solvent.

The NAIC's values define our organizational culture and our focused commitment to excellence. These values are evident throughout the NAIC work environment in

supporting our members and delivering products and services to the U.S. insurance industry. Relationships, teamwork, and innovative thinking affect everything we do. The NAIC values the diverse views of its membership and employees, and it seeks inclusive engagement—with regulators, legislators, consumer representatives, industry, and other stakeholders—in all facets of its work.

The promise of service is at the heart of what we do and who we are.



# STATE CONNECTED

*State Connected* is our three-year, member-driven strategic plan for 2023-2025. It addresses our members' need for enhanced connections with each other, markets, consumers, stakeholders, data, technology, and education. Our vision is for the NAIC to advance in innovation, efficiency, and capability, ensuring we provide the highest level of service and support possible. We aim to leverage

world-class data, communication, and technology to support the state-based insurance system and fulfill our mission to safeguard markets and protect all consumers. Through *State Connected*, the NAIC is delivering expanded service offerings, updated technology systems, and improved membership communication and collaboration. The plan consists of six key focus areas:



## MEMBER CONNECTIVITY



## TRAINING, EXPERTISE, AND TECHNOLOGY



## DATA AND ANALYTICS



## CONSUMER EDUCATION, OUTREACH, AND ADVOCACY



## COMMITTEE GOVERNANCE AND MANAGEMENT



## NAIC OPERATIONS

# STATE CONNECTED ACHIEVEMENT HIGHLIGHTS

The NAIC has made significant strides in its *State Connected* initiative, achieving goals that further support state-based insurance regulation. Several objectives have been completed, and significant progress has been made on several others.

**NAIC Expertise:** Strengthened support for artificial intelligence (AI) and cybersecurity work and provided additional resources to further advance catastrophe modeling within the Center for Insurance Policy and Research (CIPR).

**Solvency Paper Software Modernization:** Successfully implemented a new exam support system that significantly enhances the resources available to states.

**Data Governance Platform:** Deployed a new data catalog system designed to enhance data discovery, governance, and collaboration.

**Identity Management:** Enhanced the customer experience by enabling users to access NAIC applications with a single sign-on (SSO) and improved systems security by implementing multifactor authentication (MFA).

**Member Connectivity Program:** Upgraded the insurance regulator collaboration platform, NAIC Connect, to include consolidated information features, expanded committee sites, and improved the registration and sign-on experience.

**Systems for Electronic Rates and Forms Filing (SERFF) Modernization:** Achieved significant progress toward delivering core system functionality for the customer launch in early 2025.

**Proactive Recruiting:** Participated in college and university-sponsored events to demonstrate our ongoing dedication to enhancing recruiting strategies that meet the needs of our members and employees. The NAIC's commitment to attracting and retaining top-tier talent is a core component of this initiative

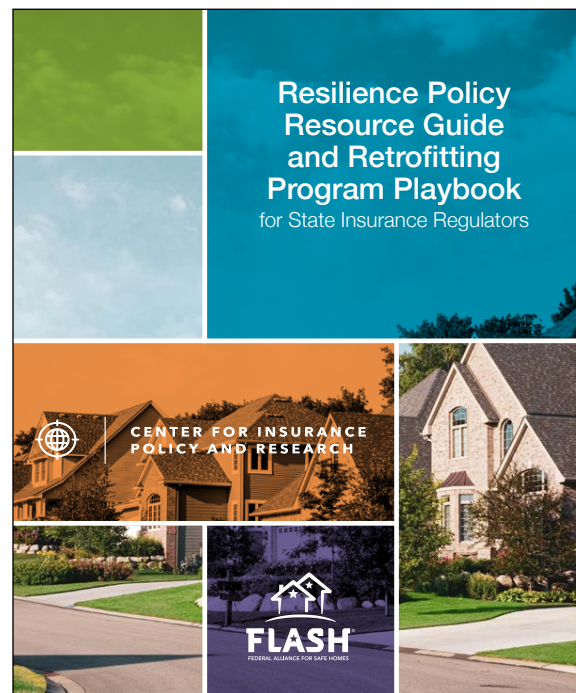
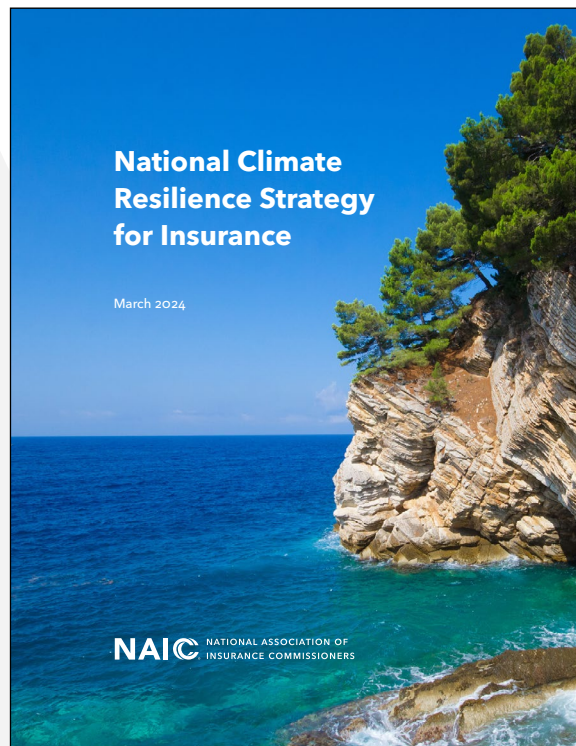
# REGULATORY PRIORITIES

In 2024, the NAIC membership body identified five regulatory priorities. Through collaborative efforts of insurance state insurance regulators with various stakeholders and each other, the NAIC has made significant progress on advancing all of them.

## CLIMATE RISKS/NATURAL CATASTROPHES AND RESILIENCE

Mitigation, consumer education, and working closely together remain central to tackling the threat posed by increased climate risks.

- In March, the members adopted the [National Climate Resilience Strategy for Insurance](#) (Resilience Strategy), which provides for a unified approach, data collection and utilization, and resiliency actions.



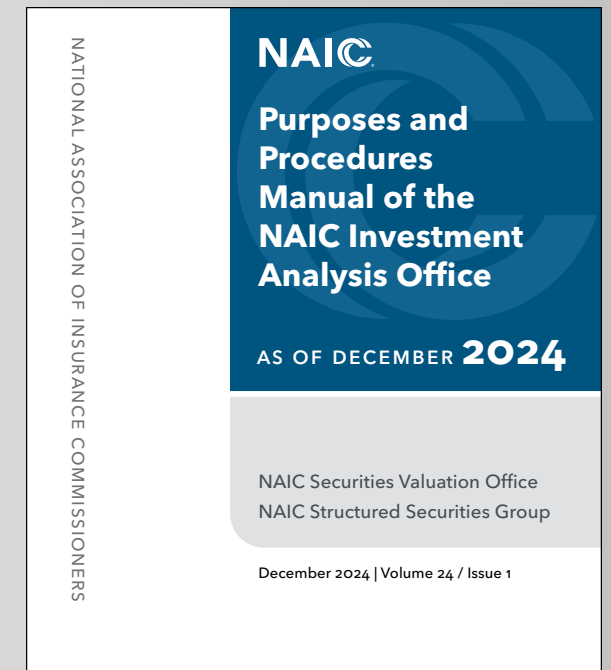
- As part of the Resilience Strategy, the NAIC introduced a new risk-based capital (RBC) disclosure requirement for property insurers. This requires insurers to assess and report their climate risk using climate scenario analysis, focused on hurricane and wildfire risk, or a comparable methodology.
- The NAIC is working on a comprehensive Climate Risk Dashboard to measure and evaluate protection gaps, and it continues to advocate for pre-disaster mitigation funding to support its members and consumers.

- In collaboration with the Federal Alliance for Safe Homes (FLASH), the NAIC launched the [Resiliency Policy Resource Guide and Retrofitting Program Playbook](#) for state insurance regulators.
- The NAIC [encouraged Congress to leverage](#) the reauthorization of the National Flood Insurance Program (NFIP) to expand the private flood insurance market, giving consumers more options for flood coverage.
- The NAIC [outlined](#) for Congress state insurance regulators' longstanding and latest efforts to address climate-related financial risks, strengthen resilience, safeguard insurer solvency, and close protection gaps in a market made more challenging by rising costs and escalating perils.

## INSURER FINANCIAL OVERSIGHT AND TRANSPARENCY

Aiming to enhance oversight and adapt to evolving investment strategies, the NAIC's [Framework for Regulation of Insurer Investments - A Holistic Review](#) (Investment Framework) is intended to reduce blind reliance on credit rating providers (CRPs) and modernize the role of the NAIC's Securities Valuation Office (SVO).

- In support of the Investment Framework, the members adopted changes to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to provide regulators with



discretion over the NAIC designations assigned to securities based on a conversion from nationally recognized statistical rating organization (NRSRO) ratings that otherwise are exempt from filing with the SVO.

- The NAIC also issued a [request for proposal](#) (RFP) to engage a consultant to design and help implement a new due diligence program over the ongoing use of CRPs.
- The NAIC continues to develop a modernized economic scenario generator and implement asset adequacy testing (AAT) to bring greater transparency and precision to the assessment of cash flows for insurers' structured securities holdings.



**MARKETING OF  
INSURANCE PRODUCTS**

Consistent with the mission of protecting consumers, the NAIC employs a multipronged approach to combat deceptive and misleading marketing in the insurance industry.

- The NAIC collaborated with the federal Centers for Medicare & Medicaid Services (CMS) to address issues related to unauthorized agent transfers and Affordable Care Act (ACA) marketing.
- In addition to working with Congress and federal agencies, the NAIC strengthened information sharing among state/territory insurance departments, including information related to enforcement actions.
- To further assist consumers and help close the protection gap for older adults, the NAIC continues to call for Congress to restore states’ regulatory authority over the Medicare Advantage market.



John F. King, Commissioner, Georgia Office of Insurance and Safety Fire

**RACE AND INSURANCE,  
FINANCIAL INCLUSION,  
AND PROTECTION GAPS**

Dedicated to leading on the interrelated, multifaceted issues that span personal, political, and public policy realms, the NAIC continues to focus on closing protection gaps and widening financial inclusion.

- The NAIC’s initiative to “Mind the Gap” has been aimed at addressing gaps in insurance coverage and financial literacy, particularly among underserved and vulnerable communities. The objectives of “Mind the Gap” included educating consumers about insurance and financial planning, identifying and addressing disparities in insurance access, encouraging more equitable and accessible products in the insurance market, and helping insurance departments develop solutions for coverage gaps.
- As part of this work, the NAIC has focused on marketing, distribution, and access to life insurance products in minority communities and the role that financial literacy plays in making insurance purchasing decisions.
- The NAIC provides a forum to share innovative programs and initiatives at the state level that promote health equity.
- The Center for Insurance Policy and Research (CIPR) completed a nationally representative survey with 3,500 respondents to evaluate financial inclusion in insurance.



**USE OF AI BY INSURERS  
AND CYBER RISK**

The rapid development and use of artificial intelligence (AI) and other technologies create opportunities but also raise key questions regarding consumer privacy, cyber risk, carrier needs and capabilities, and the complexity of the regulatory landscape.

- Following the development of the [Model Bulletin on the Use of Artificial Intelligence Systems by Insurers](#), the NAIC has monitored its adoption by the states/territories. By the end of 2024, 21 jurisdictions had adopted the model bulletin, and another four had taken related actions to protect consumers with the growing use of AI.
- The members adopted a [Cybersecurity Event Response Plan](#) to support insurance departments in responding to notifications of a cybersecurity event at a regulated insurance entity.



Andrew R. Stolfi, Commissioner, Oregon Department of Financial Regulation, and Michael Conway, Commissioner, Colorado Division of Insurance

- The NAIC continued a series of surveys to gather information about insurers’ use of AI systems across different lines of business.



Justin Zimmerman, Commissioner, New Jersey Department of Banking and Insurance, and Carter Lawrence, Commissioner, Tennessee Department of Commerce and Insurance and the State Fire Marshal



# COMMITTEE HIGHLIGHTS

The [NAIC committee system](#) is one of the most prominent means by which state insurance regulators collaborate to establish standards and best practices, conduct reviews, and coordinate regulatory work. The NAIC committees, led and populated by the chief insurance regulators of the 50 states, District of Columbia, and five U.S. territories, work collaboratively to protect consumers and foster innovation within a safe, sound, and stable insurance sector.

## CLIMATE AND RESILIENCE (EX) TASK FORCE

The [Climate and Resiliency \(EX\) Task Force](#) serves as the coordinating body within the NAIC for discussion and engagement in climate-related risk and resiliency issues, including dialogue among insurance regulators, consumers, industry, and other stakeholders. For example, the Task Force provides a forum for state/territory regulators to share information on mitigation resources and disaster preparedness.



Read NAIC's National Climate Resilience Strategy for Insurance

In 2024, the Task Force embarked on several key initiatives as part of the NAIC [National Climate Resilience Strategy for Insurance](#) (Resilience Strategy). The Task Force's Solvency Workstream achieved significant progress with the adoption of its recommendation to capture data within the annual confidential risk-based capital (RBC) filing for property/casualty (P/C) insurers for climate scenario analysis. The Climate Risk Disclosure Workstream held a series of meetings, focusing on best practices for companies completing the disclosure survey and providing an overview of analysis on disclosure responses. In addition, the Task Force initiated the development of a Natural Catastrophe Risk Dashboard, which assesses risk based on more than 40 different data elements.

The Task Force also continued to leverage the work of the NAIC's [Catastrophe Modeling Center of Excellence](#) (COE) to provide state insurance regulators with technical expertise, tools, and information on catastrophe-related risks relevant to their region.

## SPECIAL (EX) COMMITTEE ON RACE AND INSURANCE

The [Special \(EX\) Committee on Race and Insurance](#) serves as the coordinating body within the NAIC for discussion and engagement on issues related to race, diversity, and inclusion within the insurance sector; access to insurance products; and practices within the insurance sector that potentially disadvantage people of color and/or historically underrepresented groups.

This year, the Special Committee continued its work with the Life Workstream, focusing on marketing, distribution, and access to life insurance products in minority communities, as well as the role of financial literacy in these groups. The Life Workstream also focused on high school literacy classes and explored the possibility of conducting a survey on the use of criminal history in application reviews.

The Health Workstream continued to provide a forum for sharing innovative state programs and initiatives that promote health equity. Throughout 2024, the Health Workstream focused on access to care and data collection.

## LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

The [Life Insurance and Annuities \(A\) Committee](#) considers issues relating to life insurance and annuities, reviews new life insurance products, and monitors the activities of the Life Actuarial (A) Task Force.

## Suitability in Annuity Transactions Model Regulation (#275)

This year marked significant progress in the adoption of the 2020 revisions to the *Suitability in Annuity Transactions Model Regulation* (#275) by states and territories. These revisions ensure that all producers and insurers prioritize the consumer's best interests, placing the consumer's financial well-being above their own. By December 2024, 46 jurisdictions had implemented the revisions to Model #275, with five jurisdictions adopting the revisions during the year.



Director Judith L. French (OH), Chair, Life Insurance and Annuities (A) Committee

## Accelerated Underwriting (A) Working Group

The Accelerated Underwriting (A) Working Group achieved a key milestone with the completion of the accelerated underwriting in life insurance regulatory guidance and considerations document. This regulatory guidance provides a comprehensive framework for regulators, building upon the related work of other NAIC groups,



including the Model Bulletin on the Use of Artificial Intelligence Systems by Insurers, which the NAIC adopted in December 2023. This guidance document serves as a reference tool when reviewing life insurers' use of accelerated underwriting programs.

**HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE**

The [Health Insurance and Managed Care \(B\) Committee](#) considers issues relating to all aspects of health insurance, including monitoring the Health Actuarial (B) Task Force, the Regulatory (B) Framework Task Force, and the Senior Issues (B) Task Force.



Director Anita G. Fox (MI), Chair, Health Insurance Managed Care (B) Committee

In 2024, the Committee remained focused on the low number of consumer appeals for claims and prior authorization denials, as well as ways to better inform consumers of their rights. In addition, the Committee discussed network adequacy, the use of artificial intelligence (AI) by health insurance carriers, ground ambulance costs, small group insurance markets, and the Change Healthcare cyberattack.

**MEDICARE ADVANTAGE AND AFFORDABLE CARE ACT PLAN ISSUES**

The Health Insurance and Managed Care (B) Committee addressed issues related to the improper marketing of Medicare Advantage plans and the unauthorized switching of Affordable Care Act (ACA) plans during meetings with the federal Centers for Medicare & Medicaid Services (CMS). The Consumer Information (B) Subgroup developed and posted consumer-facing documents to help consumers understand the process.

**Senior Issues Collaboration**

The Senior Issues (B) Task Force worked with other NAIC groups and federal agencies to address Medicare Advantage marketing abuses and Special Enrollment Periods (SEPs) for Medicare Advantage plan enrollees when there is a significant change in their networks.

**PROPERTY AND CASUALTY (C) COMMITTEE**

The [Property and Casualty Insurance \(C\) Committee](#) monitors and responds to issues associated with the products (including delivery and cost) in the property/casualty (P/C) market and the surplus lines market, financial reporting for P/C insurers that is of interest to regulatory actuaries and analysts, and the financial aspects of the surplus lines market.

**Market Intelligence Data**

In 2024, state insurance regulators initiated a comprehensive data call to gather insights on home insurance markets. This data collection was aimed at addressing critical

questions regarding availability, potential protection gaps, and changes in coverages and deductibles. The collection of granular data from approximately 400 insurance companies operating locally and across the country gives state insurance regulators a clear sense of what is happening in their individual home insurance markets. Armed with this information, state insurance regulators are best positioned to interpret the data about their respective markets and make policy recommendations to serve those markets.



Commissioner Alan McClain (AR), Chair, Property and Casualty (C) Committee

**Mitigation Programs and Catastrophe Coordination**

The NAIC recognizes the significance of state mitigation programs aimed at reducing risks for consumers and lowering home insurance premiums. The Property and Casualty (C) Committee conducted several panel discussions, receiving input from consumer groups and industry representatives on mitigation steps to enhance consumer resiliency and risk reduction.

Insurance regulators from jurisdictions in Federal Emergency Management Agency (FEMA) Region 3 met May 6–7 in Harrisburg, PA, to focus on disaster and storm events. The roundtable aimed to strengthen existing FEMA and state department of insurance (DOI) relationships, as well as identify new opportunities for disaster management.

The NAIC, in collaboration with the Arkansas Insurance Department, co-sponsored the 2024 Central U.S. Quake Summit held Oct. 21–22 in Little Rock, AR. The Quake Summit focused on “closing the gap” in earthquake insurance coverage, particularly in the New Madrid seismic zone. Presentations covered earthquake science and risk assessment tools, informing state insurance regulators, insurers, emergency management leaders, and government officials.

**Research and Actuarial Services**

Throughout the year, Research and Actuarial Services (RAS) offered numerous model training opportunities, including presentations during the Insurance Summit and the Casualty Actuarial and Statistical (C) Task Force’s monthly Book Club sessions. The team is planning to distribute a new regulatory training opportunity focused on reviewing generalized linear models (GLMs). In addition, RAS proposed a new appendix to the *Regulatory Review of Predictive Models* white paper, expanding its scope to address another type of model beyond GLMs.

The Title Insurance (C) Task Force updated its *Survey of State Insurance Laws Regarding Title Data and Title Matters*, compiling a detailed overview of jurisdiction-specific laws and regulations related to title insurance.



**MARKET REGULATION  
AND CONSUMER AFFAIRS  
(D) COMMITTEE**

The [Market Regulation and Consumer Affairs \(D\) Committee](#) monitors all aspects of the market regulatory process for continuous improvement, including market analysis, regulatory interventions with licensed individuals and entities, multi-jurisdictional collaboration, and recommendations related to the underwriting and market practices of insurers and producers.

Automation and engagement have been the Committee’s key focuses in 2024. For example, the Consumer Representative Application now uses the Regulatory Data Capture system, and the Consumer Participation Program web page has been

redesigned to attract new applicants. Similarly, the implementation of the new web service for the Online Fraud Reporting System (OFRS) is well underway, set to streamline regulators’ ability to access reports of suspected fraud.

**Data and Analysis**

The Committee made advancements in data delivery and analysis. The Market Conduct Annual Statement (MCAS) data was efficiently delivered to regulators through ThoughtSpot, along with three training sessions for state insurance regulators. The MCAS program saw its expansion with the first collection of other health MCAS data. Enhancements in data accessibility were achieved by adding MCAS Tableau links to iSite+, furthering the analysis capabilities for state insurance regulators.



Commissioner Jon Pike (UT), Chair, Market Regulation and Consumer Affairs (D) Committee

The first Market Analysis Workshop conducted during the Insurance Summit was a success, and the Market Regulation Certification Program has begun accepting self-assessments and provisionally certifying NAIC jurisdictions.

In addition, the Speed to Market (D) Working Group has successfully rewritten and updated the *Product Filing Review Handbook*.

**Consumer Services**

Last year, the NAIC announced that its Life Insurance Policy Locator had connected consumers with more than \$10 billion in unclaimed benefits from annuities and life insurance policies since the tool’s launch in November 2016. The Life Insurance Policy Locator supports departments of insurance (DOIs) by assisting consumers in locating life insurance policies and annuity contracts of a deceased family member or loved one. To enhance the Licensing and Processing System of the Life Insurance Policy Locator, the NAIC added the integration of individual taxpayer identification numbers (ITINs). This update has broadened access for consumers searching for a life insurance policy for individuals who may not have had a Social Security number (SSN) at the time the policy was purchased.

The NAIC has implemented regular consumer assistance regulator-only calls to foster greater state insurance regulator engagement across jurisdictions. These calls

provide a forum for state-based insurance regulators to share marketplace issues, processes for assisting consumers, and a means for identifying discussion topics for the Market Actions (D) Working Group.

**FINANCIAL CONDITION  
(E) COMMITTEE**

The [Financial Condition \(E\) Committee](#) is the central forum and coordinating body within the NAIC for insurer solvency-related considerations, including accounting practices and procedures, blanks, valuation of securities, financial analysis and examinations, receivership, and guaranty funds.



Commissioner Nathan Houdek (WI), Financial Condition (E) Committee Chair

In 2024, the Committee introduced various measures to improve solvency regulation. It focused on life insurers’ increased risk from their investment portfolios due to new and innovative investment structures driven by historical low-interest-rate periods.



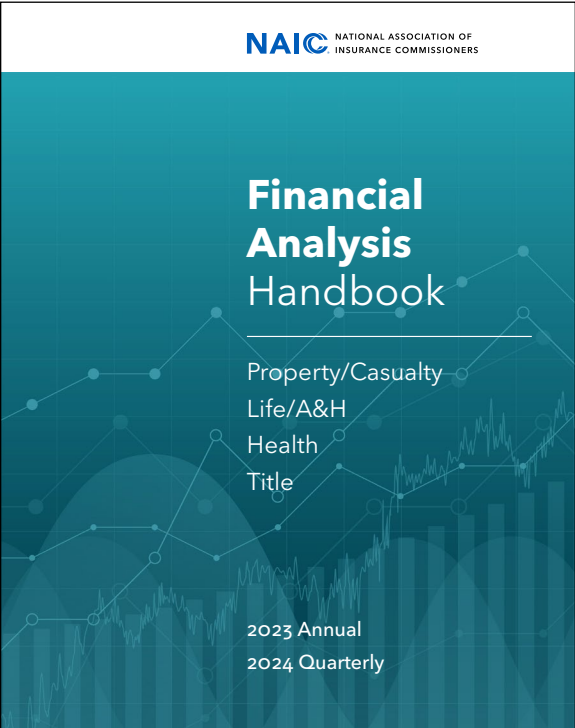
**Statutory Accounting Rules and Risk-Based Capital Guidance**

In 2024, the NAIC adopted changes to finalize improvements to statutory accounting rules for residual investment tranches of securities, as well as targeted changes in reporting risk-based capital (RBC) guidance for collateral loans. It added other changes to the RBC filing, including disclosure of severe convective storm probable maximum losses and the structure of the insurer's property reinsurance program.

In addition, the NAIC enhanced reporting for asset-backed securities (ABS), mortgages, and other invested assets.

**NAIC Investment Analysis Office Updates**

The NAIC updated the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to clarify that NAIC securities designations can consider investment risks other than credit risk. This allows the NAIC Securities Valuation Office (SVO) to account for a variety of risks that may be present in both traditional and more complex securities.



Regulators adopted changes to the *Financial Analysis Handbook*, providing additional guidance for regulators reviewing affiliated investment management agreements, as well as guidance on bonds that have obtained a private letter (PL) rating from a credit rating agency provider.

**FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE**

The [Financial Regulation Standards and Accreditation \(F\) Committee](#) administers and enforces the NAIC Financial Regulation and Standards Accreditation Program (Accreditation Program). The Accreditation Program was established to develop and maintain standards to promote effective financial solvency regulation for the insurance industry. Accreditation is a certification given to a state insurance department once it has demonstrated it has met and continues to meet an assortment of legal, financial, organizational, and licensing standards as determined by a committee of its peers. It creates substantial efficiencies for insurance regulators and insurance companies licensed in accredited jurisdictions by allowing coordination and eliminating duplicative subjects to financial examinations or other financial oversight by multiple jurisdictions.

**Accreditation Reviews**

In 2024, the Committee completed full accreditation reviews for 11 jurisdictions: Arizona, California, Connecticut, Florida, Georgia, Massachusetts, Montana, New York, Pennsylvania, U.S. Virgin Islands, and Utah. These jurisdictions were granted accreditation for five years, and all 50 states,

the District of Columbia, Puerto Rico, and the U.S. Virgin Islands are currently accredited.

**Accreditation Scope and Alignment (F) Working Group**

The Committee also appointed the Accreditation Scope and Alignment (F) Working Group, set to begin meeting in 2025. The Working Group is tasked with reviewing the current scope of the Accreditation Program to ensure it aligns with the program's objectives. It will also look for any multistate companies or activities that are not currently in scope and consider whether any of such companies or activities should be integrated. In addition, the Working Group will analyze state regulations to better understand how states regulate companies within the program's scope and identify any discrepancies.



Director Lori K. Wing-Heier (AK), Chair, Financial Standards and Accreditation (F) Committee

**INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE**

The [International Insurance Relations \(G\) Committee](#) coordinates the NAIC's participation in discussions on international activities, the development of insurance regulatory and supervisory standards and guidance, and the promotion of international cooperation.

In 2024, the Committee made significant progress on key international projects. It provided leadership on emerging issues and actively engaged with organizations such as the International Association of Insurance Supervisors (IAIS), the Organisation for Economic Co-operation and Development (OECD), and the Sustainable Insurance Forum (SIF).



Recognition of the Aggregation Method

Among those achievements, the Committee welcomed the conclusion of the IAIS comparability assessment for the U.S.-developed Aggregation Method (AM). After more than a decade of work by state

insurance regulators, the IAIS determined that the AM provides a basis for U.S. implementation of the insurance capital standard (ICS) to produce comparable outcomes. The AM represents a more appropriate approach for U.S. markets to help protect policyholders while enhancing global financial stability.

Collaboration and Cooperation

The Committee also provided a forum for discussing and providing input on a number of IAIS workstreams. In addition to the ICS and comparability of the AM, the Committee discussed standard setting and supporting material related to climate risk, recovery and resolution, financial stability, and valuation and capital adequacy.

A variety of international cooperation activities took place, including participation in more than 40 outreach calls, bilateral meetings with other jurisdictions, and events held by international organizations. Additionally, the NAIC’s International Fellows Program was conducted virtually in the spring and in person in the fall, providing valuable opportunities for knowledge exchange and collaboration.

INNOVATION, CYBERSECURITY, AND TECHNOLOGY (H) COMMITTEE

The [Innovation, Cybersecurity, and Technology \(H\) Committee](#) serves as a forum for insurance regulators to discuss cybersecurity, innovation, data security and privacy protections, and emerging technology issues.

Cybersecurity

The Committee has continued to lead the NAIC’s efforts in responding to the rapidly evolving insurance industry and has made progress on key initiatives. For example, the *Insurance Data Security Model Law* (#668) was adopted by three jurisdictions in 2024, bringing the total to 26, with an additional jurisdiction having previously adopted insurance-specific data security protections. In addition to adopting the Cybersecurity Event Response Plan (CERP),

the Committee published the *E-Commerce Modernization Guide* to provide information and guidance on state laws and regulations related to electronic commerce, transactions, and communications. Additional progress is anticipated in 2025 to advance key discussions related to regulating third-party data and model providers and enhancing consumer privacy protections.

Artificial Intelligence

In 2024, a volunteer group of state insurance regulators from 16 jurisdictions issued a health artificial intelligence (AI) survey to companies with more than \$250 million in earned health insurance premium for specified lines of business. The survey results will inform the Big Data and Artificial Intelligence (H) Working Group’s policy discussions in 2025.



Director Eric Dunning (NE), Chair, International Insurance Relations (G) Committee



Former Commissioner Kevin Gaffney (VT), Vice Co-Chair, Innovation, Cybersecurity, and Technology (H) Committee

International  
Fellows Program  
Foreign Regulator Participants

160  
Spring Virtual Event

8  
Fall In-Person  
Event



# LEGISLATIVE HIGHLIGHTS

As the U.S. insurance standard-setting and regulatory support organization, the NAIC advances domestic and international policy and outreach initiatives that strengthen the state-based system of insurance regulation.

The NAIC Government Affairs team, in collaboration with the Government Relations (EX) Leadership Council, continues to take significant steps to address emerging issues impacting the insurance sector by supporting NAIC members in prioritizing the most pressing issues affecting consumers. The team's work helped to position and represent the state regulatory perspective to Congress, federal agencies, and foreign regulators.

## FEDERAL LEGISLATIVE PRIORITIES

**In 2024, the NAIC supported:**

**Strengthening Property Insurance**

**Markets and Enhancing Mitigation and**

**Resilience Efforts:** The NAIC supports funding, tax incentives, and research for state mitigation and resilience programs to address property insurance market challenges that arise from natural disasters, including the Disaster Mitigation and Tax Parity Act of 2023, the National Earthquake Hazards Reduction Program Reauthorization Act of 2024, the Flood Insurance Relief Act, the Wildfire Response Improvement Act, and the Catastrophic Wildfire Prevention Act of 2023, among others.

## Protecting Policyholders When

**Insurers Fail:** The NAIC supports protecting policyholders during insurance receiverships by creating a deadline for the federal government to file claims against insolvent insurers.

## Clarifying Consumer Financial

**Protection Bureau Authority:** The Business of Insurance Regulatory Reform Act of 2024 would clarify Consumer Financial Protection Bureau (CFPB) authority regarding state insurance-regulated entities, affirming that state insurance regulators are best positioned to oversee insurers.

**24**  
state officials  
at the State Legislator  
Program

**154**  
congressional  
meetings

**24**  
member-level  
congressional  
meetings

## HEALTH POLICY INITIATIVES

In light of federal and state legislative and regulatory activities impacting health insurance and related model laws and regulations, the NAIC's work in 2024 included:

### Enhanced Affordable Care Act

**Subsidies:** Focused on the impending 2025 expiration of enhanced Affordable Care Act (ACA) subsidies.

**Mental Health Parity Grants:** Advocated for increased funding for mental health parity grants to states and State Health Insurance Assistance Programs (SHIPs).

**Association Health Plan Legislation:** Engaged in discussions surrounding association health plan (AHP) legislation.

**Non-Discrimination Rules:** Focused on the impact of non-discrimination rules on Medicare supplement insurance (Medigap) and other excepted benefit plans.

**Risk Adjustment Program Information Sharing:** Focused on enhancing information sharing within the federal risk adjustment program.

# CENTER FOR INSURANCE POLICY AND RESEARCH

Within the NAIC, the [Center for Insurance Policy and Research](#) (CIPR) provides data and education to drive discussion and advance understanding of insurance issues among policymakers, members and other regulators, industry leaders, and academia. In 2024, the CIPR continued to provide thought leadership and applied research insights on key insurance regulatory issues while engaging with regulators and industry stakeholders in numerous ways.

## CORE RESEARCH INITIATIVES

### Earthquake Protection Gap Study:

Conducted an experimental survey with 1,502 individuals from all eight Central U.S. Earthquake Consortium (CUSEC) states to measure consumer perceptions of earthquake messages.

### Long-Term Care Insurance Study:

Executed an experimental survey with 1,118 participants to assess factors influencing consumer decisions about long-term care insurance (LTCI) reduced benefit options (RBOs).

### Social Impact Investments Analysis:

Carried out a detailed analysis of the insurance industry’s exposure to social impact investments and their financial performance.

### Health Care Network Adequacy Cost

**Estimation:** Calculated travel route distances between health care providers and insurance beneficiaries in Mississippi to estimate the cost of a new network adequacy rule proposed by the Mississippi Insurance Department (MID).

86,000+  
visits to the  
online library

## KNOWLEDGE BASE DEVELOPMENT

To support regulators and provide accessible information on a range of insurance regulatory issues, the CIPR has developed and maintains content on more than 130 [insurance topics](#). In 2024, those topics received nearly 700,000 views. In addition, it fielded an average of 55 monthly research library requests, and there were 86,000 visits to the electronic [research library](#) and its holdings.

Last year, the CIPR cohosted three “Back to Basics” webinars with the Griffith Foundation and two [Journal of Insurance Regulation](#) (JIR) and Journal Club webinars with nearly 900 industry participants.

700,000  
knowledge base  
views

## CATASTROPHE MODELING CENTER OF EXCELLENCE

The CIPR’s [Catastrophe Modeling Center of Excellence](#) (COE) continues its critical mission of providing insurance regulators with technical expertise, tools, and information to effectively regulate their markets.

Under the umbrella of regulatory training and resources, the CIPR began offering a fully online Catastrophe Modeling 101 course, conducted in-person training at insurance departments, and hosted three NAIC zone technical trainings on climate and resilience issues. Training expanded internationally and included cohosting a catastrophe risk technical training with the European Insurance and Occupational Pensions Authority (EIOPA) and its member countries.

The CIPR also designed and implemented a national rollout of financial examiner training focused on embedding catastrophe and climate risk in the risk-surveillance framework after the full adoption of the [climate scenario analysis proposal](#). In addition, it analyzed data from the Climate Risk Disclosure Survey.

During 2024, the CIPR assisted numerous jurisdictions in developing road maps for establishing mitigation grant programs, and it conducted applied research on premium mitigation discounts using catastrophe models. It also organized an Insurance Institute for Business & Home Safety (IBHS) facility visit for state insurance regulators focused on mitigation and resiliency.



STAKEHOLDER ENGAGEMENT

Leveraging the NAIC national meetings, the CIPR engaged with regulators and industry stakeholders through three events: [Insurance to Improve Quality of Life: Understanding and Addressing Barriers to the Financial Inclusion of Insurance](#), [Measuring and Assessing \(Homeowner\) Insurance Affordability](#), and [Commercial Real Estate - Assessing Insurers' Short-Term and Long-Term Exposure](#). In addition, it hosted five sessions at the NAIC Insurance Summit within its policy research track.





Jeff Czajkowski, Director, CIPR

Throughout the year, the CIPR made presentations to various NAIC groups, including the Catastrophe Insurance (C) Working Group and NAIC/Federal Emergency Management Agency (FEMA) (C) Advisory Group, the Long-Term Care Insurance (B) Task Force, the Health Insurance and Managed Care (B) Committee, and the Valuation of Securities (E) Task Force.

The CIPR also launched the regulator request for research via the [NAIC - American Risk and Insurance Association \(ARIA\) Insurance Regulation Research Partnership](#) and the ongoing [Research Fellow Program](#), which saw the release of a report titled [Understanding Insurance Decisions: A Review of Risk Management Decision-Making, Risk Literacy, and Racial/Ethnic Differences](#).

In 2025, the CIPR will continue its work on various research areas and initiatives, with a strong focus on health, long-term care insurance (LTCI), and property markets and resilience. New core research endeavors will include investigating factors influencing consumer health insurance choice, flood Insurance uptake, and the efficacy and impact of life insurance illustrations.



**Understanding Insurance Decisions: A Review of Risk Management Decision-Making, Risk Literacy, and Racial/Ethnic Differences**

A CIPR Research Fellows Program Report

Stuart J. Heckman, Ph.D., CFP®

**JANUARY 2024**

ACCELERATING INVESTMENTS IN TECHNOLOGY

The NAIC develops and maintains software tools to enable state insurance regulators nationwide to increase productivity and streamline business processes. These tools implement industry-standard security controls and help regulators submit and retrieve data, formulate data for decision making, and access information needed to do their jobs.

The NAIC is continually improving its systems and tools in partnership with state insurance regulators and is focused on providing forward-looking systems designed with the flexibility to change as laws change.

In supporting state insurance regulators, the NAIC is guided by a commitment to customer service and open communication. In 2024, its service desk successfully assisted more than 82,000 customers through phone calls, emails, and internal chat.

STATE BASED SYSTEMS OPTIMIZATION AND IMPLEMENTATIONS

The NAIC remains dedicated to enhancing and expanding State Based Systems (SBS) to benefit its members, focusing on optimization, scalability, and customer-specific implementations. In 2024, efforts

included optimizing the technology and functionality within market regulation functions and migrating some functions to a new technology platform that has improved system responsiveness and supportability. The SBS team took significant steps to enhance its product modules and assist states in effective implementation. Notable implementations included fraud and prosecution modules in Hawaii, investigation modules in Wisconsin, market exams and analysis in Kansas, market regulation exam tracking in Delaware, and external health care review in Oregon.

These advancements replace outdated technology and reduce manual processes, thereby increasing the efficiency of state insurance departments. Additionally, the SBS team launched a new consumer complaints portal, conducted health checks, and addressed trending topics.

**UNIFORM CERTIFICATE OF  
AUTHORITY APPLICATION  
REDESIGN**

The modernization of the Uniform Certificate of Authority Application (UCAA) process is a pivotal initiative designed to create an advanced electronic system for filing risk-bearing entity certificates of authority. Phase I of this transformation has already been successfully released, encompassing primary and re-domestication applications. Part of Phase II, focusing on corporate expansions, has also been implemented.

In the first quarter of 2025, the NAIC anticipates the release of corporate amendments, thereby completing Phase II. Looking ahead, the NAIC is considering a third phase to further enhance the system by eliminating manual processes and ensuring more accurate and complete filings.

The advancements in automation that the NAIC is making with this initiative are substantially reducing the workload for both insurance companies and the regulators who review these submissions. This streamlined approach not only conserves time, but also it diminishes the likelihood of human error, ensuring a more reliable and efficient system.

**FINANCIAL DATA REPOSITORY  
MODERNIZATION**

The NAIC initiated a multiyear effort to modernize its Financial Data Repository (FDR) to enhance system flexibility, automation, and filing accuracy. In 2024, a detailed review and thorough documentation of the existing system were undertaken. A major milestone was completing a request for proposal (RFP) for a system proof of concept (POC). After a rigorous selection process, a vendor was chosen to advance the FDR to new heights. The upcoming POC will transition financial filings to the eXtensible Business Reporting Language (XBRL) standard and integrate a more semantic data model, promising improved accuracy and efficiency.

**SYSTEM FOR ELECTRONIC RATES &  
FORMS FILING MODERNIZATION**

The System for Electronic Rates & Forms Filing (SERFF) modernization initiative focuses on delivering a new platform supporting ease of use, automation, and advanced technologies like artificial intelligence (AI) and machine learning (ML). The system incorporates feedback from regulators, insurers, and other stakeholders. The first release in early 2025 will support filings with the Interstate Insurance Product Regulation Commission (Compact).



**ENTERPRISE DATA PLATFORM  
ENHANCEMENTS**

The NAIC enhanced its Enterprise Data Platform to provide more training, self-service tools, and access to a wider range of data assets. A business intelligence tool with AI capability was introduced, allowing regulators to access and analyze financial and market regulatory data. New data assets include homeowners insurance data and data from other systems like SBS, Online Premium Tax for Insurance (OPTins), and SERFF.

**IDENTITY MANAGEMENT  
MODERNIZATION**

The NAIC has achieved a significant milestone by transitioning nearly all applications from the legacy identity system to a modern identity system. This transition enables single sign-on (SSO) and multifactor authentication (MFA) for enhanced security. It also allows federation with external partners (like state departments of insurance) and improves efficiency and security.

**NAIC AGILE CENTER OF  
EXCELLENCE**

The NAIC has launched an internal Agile Center of Excellence (Agile COE) to promote best practices, standardize processes, and support agile methodologies across the organization. The Agile COE provides training, resources, and personalized guidance. This initiative aims to enhance collaboration, efficiency, and continuous improvement in agile practices.



# MEMBER SERVICES

The NAIC Member Services Division made notable advancements in resources and services to broaden support for insurance regulators and strengthen their connections with each other.

The team prioritized enhanced communication, educational opportunities, personalized services, and valuable meeting experiences as part of its strategy. These member-driven efforts focused on evolving needs in an ever-evolving market.

The NAIC Member Services Division made notable advancements in resources and services to broaden support for insurance regulators and strengthen their connections with each other.

The team prioritized enhanced communication, educational opportunities, personalized services, and valuable meeting experiences as part of its strategy. These member-driven efforts focused on evolving needs in an ever-evolving market.

## MEMBER ENGAGEMENT

In 2024, the NAIC welcomed seven new members. Through initiatives driven by *State Connected*, the Member Services and Engagement team refined its onboarding program based on feedback from experienced members. Additionally, a focus on member needs by region resulted in expanded member zone resources. Support spans several aspects of state insurance regulator outreach, including speaking engagements that inform and educate communities. In 2024, Member Services coordinated 32 speaking

engagement requests from organizations domestically and abroad.

At the helm of NAIC committee operations, Member Services delivered advancements in logistical planning, committee resources, and complex coordination processes. These efforts included additional rollouts on NAIC *Connect*, the online community portal for state regulators. Advancements included streamlined access to committee information through self-service distribution lists, a framework for engagement on regulatory policy issues, and consolidated resources from multiple systems.

In 2024, over 900 regulators joined *Connect*. On average, over 600 users access the site monthly. The success of this platform continues to grow, as insurance regulators connect to share best practices and strategies to protect consumers.

## Deputy Commissioners' Roundtable

The NAIC launched its first full-day Deputy Commissioners' Roundtable in 2024. The Roundtable brings together chief deputies, chiefs of staff, and other senior regulators to strengthen connections and further support the mission of state-based insurance regulation. The Roundtable provides a forum to share best practices, collaborate on shared issues and challenges, and develop processes and strategies for success in their jurisdictions.

## MEETINGS, EVENTS, AND TRAVEL SERVICES

The NAIC Meetings, Events, and Travel Services organizes and executes several of the most critical meetings and events in the entire insurance regulation industry. NAIC meetings bring insurance regulators together to accomplish strategic goals, share progress, and engage with fellow regulators, legislators, interested parties, and the insurance industry. The Meetings Team deliver the spaces and platforms for collaboration on issues that impact the industry on a national and global level.

## Hosted Three National Meetings:

National meetings provide a forum for stakeholders to engage with state insurance regulators as they advance the work of the committee system, including developing standards for the regulation of the U.S. insurance market, establishing best practices to protect consumers and foster reliable and solvent insurance markets, and resolving market issues through the development of coherent regulatory policy. In 2024, the NAIC hosted national meetings in Phoenix, AZ; Chicago, IL; and Denver,

CO. Each meeting welcomed more than 1,700 in-person attendees and facilitated virtual participation for another 1,300 attendees.

## Supported the International Insurance Forum:

The International Insurance Forum explores developments in international insurance regulation in the context of worldwide financial markets, while also offering a global stage to highlight the strengths and achievements of the state-based insurance regulatory system. In 2024, the event was sold-out, with speakers from six continents and attendees from 19 jurisdictions.

900+  
joined NAIC  
Connect in  
2024





**Organized the Insurance Summit:** The Insurance Summit is a premier insurance conference, combining the best resources of the NAIC and its affiliate, the National Insurance Producer Registry (NIPR), and connecting innovators with regulators to explore the newest ideas, latest technology, and future of regulatory practices. The 2024 Insurance Summit theme—“Knowledge, Power, Impact”—reflected the objective of empowering attendees to transform their knowledge into action and make a lasting impact on the insurance industry and its consumers. The Insurance Summit promotes cross-functional collaboration and strengthens connections between attendees. In 2024, the NAIC welcomed nearly 2,400 attendees, who collectively earned 10,387 continuing education (CE) credits.

**51 Regional Meetings:** These meetings range from smaller zone meetings and trainings to midsize meetings, such as the Earthquake Summit and the Practical Manager Program.



**EDUCATION AND TRAINING**

NAIC Education and Training is the leading source for insurance regulation training and professional development. Programs and courses are developed by seasoned insurance regulators and experts, reflecting current industry standards and regulatory practices.. Since 1989, more than 232,691 people have registered for NAIC courses, with 20,971 enrollments in 2024 alone. The NAIC’s commitment to education and training allows insurance industry professionals to enhance their professional capabilities. Participants are able to experience training via webinars, in-person sessions, or online. In 2024, the NAIC offered 76 unique course titles and delivered 1,172 individual sessions.

**REGISTRATION TOTALS**

More than 232,000 people have registered in NAIC courses since 1989

20,971 people enrolled in 2024 as follows:



**Insurance Regulator Professional Designation Program**

One of the Education and Training team’s significant contributions to education is the Insurance Regulator Professional Designation Program. Launched in 2006, the Designation Program provides structured curriculums for insurance regulators to earn professional designations, such as Associate Professional in Insurance Regulation (APIR), Professional in Insurance Regulation (PIR), Senior Professional in Insurance Regulation (SPIR), and Investment Professional in Insurance Regulation (IPIR). The program has seen 4,297 enrollments and 2,610 insurance regulators earning designations since 2006.

In 2024, the NAIC awarded 354 total designations, consisting of:



**COMMUNICATIONS**

The Communications team supports state insurance regulators by developing and promoting educational resources that support their outreach programs, helping consumers understand insurance and navigate the claims process. It also communicates to a varied audience through multiple channels to help increase awareness of the role that insurance departments play in protecting insurance consumers and minding the insurance gap.



**Raising Awareness of the Insurance Gap**

Connecticut Insurance Commissioner and 2024 NAIC President Andrew N. Mais took his presidential theme of “Minding the (Insurance) Gap” to a national audience in July to share why Americans, especially young adults, need to prioritize insurance as part of their financial planning. During his satellite media tour, Commissioner Mais unveiled the results of an NAIC-commissioned survey on Gen Z adults and their awareness about insurance. More than half of respondents ages 18 to 27 said they feel “overwhelmed or anxious” at “the thought of dealing with insurance.” President Mais talked to 12 TV and 10 radio

Insurance Commissioner Scott A. White, and Secretary-Treasurer and Rhode Island Department of Business Regulation [DBR] Director Elizabeth Kelleher Dwyer) discussed state insurance regulators’ work to safeguard consumers and market solvency as an overall robust U.S. property insurance market faces several challenges.

**Supporting Insurance Departments**

In support of state insurance departments, the NAIC publishes toolkits to help state insurance regulators develop consumer-facing education materials. Natural disasters continue to be top of mind nationwide, and in 2024, the NAIC published an updated Wildfire Toolkit for public information officers (PIOs) at state insurance departments with messages and information to help consumers prepare for and recover from wildfires. In addition, a new Climate Risk and Resilience Strategy Toolkit was shared with PIOs to support the NAIC’s National Climate Resilience Strategy for Insurance with social media posts,

talking points, consumer resources, and a news release. Toolkits and related graphics are available in the NAIC’s regulator-only PIO Resource Center.

In 2024, the NAIC published 16 Consumer Insights. These one-pagers focus on hot topics in insurance, such as weight loss injectables, finding a health plan at age 26, rising insurance premiums, and more. They are written in plain language for consumers, but state insurance departments can repurpose them as blogs, op-eds, or articles.

stations, encouraging viewers of all ages to prioritize insurance and contact their trusted local agent and their state department of insurance (DOI) with any questions ahead of a natural disaster or event that could result in a claim.

**Telling Regulators’ Stories**

In an op-ed for Insurance Journal, the NAIC’s 2024 officers (President and Connecticut Insurance Commissioner Andrew N. Mais, President-Elect and North Dakota Insurance Commissioner Jon Godfread, Vice President and Virginia

MIND THE (INSURANCE) GAP



BY THE NUMBERS

12

Meetings and  
Event Support

480

Media Requests

237

NewsWire Issues

10

PIO  
Meetings and  
Resources

75

News Releases

# RECOGNIZING REGULATOR ACHIEVEMENTS

## ROBERT DINEEN AWARD

In June 1989, the NAIC established the Robert Dineen Award in honor of the founder of the NAIC's Support and Services Office. The award is designed to honor a staff member of an insurance department who has made an outstanding contribution to the state regulation of insurance and exhibits an attitude and performs activities that foster the advancement of the insurance regulatory profession.

In 2024, the NAIC officers honored two regulators with the Robert Dineen Award:



Center: Matt Gendron, General Counsel and Chief of Regulatory Compliance, Rhode Island Department of Business Regulation



Center: John Rehagen, Director of Insurance Company Regulation, Missouri Department of Commerce and Insurance

## RAYMOND G. FARMER AWARD FOR EXCEPTIONAL LEADERSHIP

In 2021, the President's Award for Distinguished NAIC Leadership was renamed in honor of Past President and former South Carolina Insurance Director Ray Farmer. The award recognizes exemplary leadership, a sustained length of industry service, and contributions to advancing our mission.

In 2024, NAIC President and Connecticut Insurance Commissioner Andrew N. Mais honored two members with the Farmer Award:



Left: Glen Mulready, Commissioner, Oklahoma Insurance Department



Right: Alan McClain, Commissioner, Arkansas Insurance Department

# 2025 OUTLOOK SECURING TOMORROW: ADVANCING STATE-BASED REGULATION

In 2025, the NAIC will assess the work completed through its three-year strategic plan, *State Connected* (2023-2025) and look toward following a road map focused on advancing state-based regulation. The U.S. insurance industry faces transformative challenges influenced by rapid technological shifts, changing economic landscapes, and increasing global interconnectivity. The 2025 road map, "Securing Tomorrow: Advancing State-Based Regulation," outlines a path to address these complexities and positions the NAIC and state-based insurance regulation as pillars of stability, innovation, and consumer protection.

**Together, the NAIC and state insurance regulators will navigate these challenges and foster a resilient, relevant, and prosperous insurance sector for generations to come.**







# FINANCIAL REPORT

**HONORABLE MEMBERS  
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS**

**CONTENTS**

INDEPENDENT AUDITORS REPORT	40-42
FINANCIAL STATEMENTS	
Statement of Financial Position	43
Statement of Activities	44
Statement of Cash Flows	45
Notes to Financial Statements	46-69



1200 Main Street  
Suite 1000  
Kansas City, MO 64105

T: 816.472.1122  
E: info@rubinbrown.com  
www.RubinBrown.com

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## Independent Auditors' Report

Honorable Members  
National Association of  
Insurance Commissioners

### Opinion

We have audited the financial statements of National Association of Insurance Commissioners, which comprise the statement of financial position as of December 31, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Association of Insurance Commissioners as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of National Association of Insurance Commissioners and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Honorable Members  
National Association of  
Insurance Commissioners

### Responsibilities Of Management For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Association of Insurance Commissioners' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### Auditors' Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Association of Insurance Commissioners’ internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Association of Insurance Commissioners’ ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*RubinBrown LLP*

March 6, 2025

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS			
STATEMENT OF FINANCIAL POSITION			
Assets			
		December 31,	
		2024	2023
<b>Current Assets</b>			
Cash and cash equivalents	\$	20,838,515	\$ 16,200,039
Accounts receivable, net of allowance for credit losses of \$47,660 in 2024 and \$48,514 in 2023		10,353,589	9,328,023
Receivables due from affiliates		2,874,236	2,514,656
Construction reimbursement receivable		—	11,581,933
Prepaid expenses		8,257,164	6,207,810
Investments		144,813,069	146,439,247
Current portion of note receivable		274,013	274,013
<b>Total Current Assets</b>		<b>187,410,586</b>	<b>192,545,721</b>
<b>Other Noncurrent Assets</b>			
Note receivable, net		1,096,056	1,370,069
Property and equipment, net		56,972,110	41,002,071
Right of use assets - operating leases		24,355,090	23,030,168
Deferred pension asset		6,112,325	5,776,330
<b>Total Other Noncurrent Assets</b>		<b>88,535,581</b>	<b>71,178,638</b>
<b>Total Assets</b>		<b>\$ 275,946,167</b>	<b>\$ 263,724,359</b>
Liabilities And Net Assets			
<b>Current Liabilities</b>			
Accounts payable	\$	4,720,317	\$ 7,975,993
Accrued expenses and other current liabilities		16,167,559	17,571,927
Current portion of operating lease liabilities		2,672,635	2,327,219
Deferred revenue		6,848,454	7,249,493
<b>Total Current Liabilities</b>		<b>30,408,965</b>	<b>35,124,632</b>
<b>Noncurrent Liabilities</b>			
Long-term portion of operating lease liabilities		35,541,145	34,710,749
<b>Total Noncurrent Liabilities</b>		<b>35,541,145</b>	<b>34,710,749</b>
<b>Net Assets</b>			
Without donor restrictions:			
Allocated		206,945,906	190,996,701
Unallocated		3,050,151	2,892,277
<b>Total Net Assets</b>		<b>209,996,057</b>	<b>193,888,978</b>
<b>Total Liabilities And Net Assets</b>		<b>\$ 275,946,167</b>	<b>\$ 263,724,359</b>

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

STATEMENT OF ACTIVITIES

	December 31,	
	2024	2023
<b>Revenues</b>		
Member assessments	\$ 2,131,205	\$ 2,125,696
Database fees	43,661,649	40,955,141
Publications and insurance data products	18,572,122	18,397,511
Valuation services	36,584,491	33,620,467
Transaction filing fees	22,392,878	21,924,252
Other revenue	546,872	77,957
National meetings, NAIC events and interim meetings	2,676,014	2,605,556
Education and training	334,555	398,826
Administrative services and license fees	34,486,539	30,677,213
<b>Total Revenues</b>	<b>161,386,325</b>	<b>150,782,619</b>
<b>Expenses</b>		
Salaries	71,776,305	65,894,244
Temporary personnel	727,763	870,817
Employee benefits and development	19,576,325	17,922,419
Professional services	20,372,962	16,477,353
Computer services	8,796,557	8,499,674
Travel	5,923,212	5,571,392
Occupancy and rental	4,696,235	4,694,787
Computer hardware and software maintenance	10,838,978	8,493,707
Depreciation and amortization	4,004,987	3,618,383
Insurance	513,651	505,158
Supplies and printing	1,846,075	1,965,513
National and major meetings	6,542,830	6,423,342
Education and training	90,855	183,361
Grant and zone	2,390,961	2,118,802
Other expenses	1,161,921	1,285,134
<b>Total Expenses</b>	<b>159,259,617</b>	<b>144,524,086</b>
<b>Change In Net Assets Before Net Investment Return And Pension Adjustment</b>	<b>2,126,708</b>	<b>6,258,533</b>
<b>Net Investment Return</b>	<b>14,539,189</b>	<b>17,100,356</b>
<b>Pension Adjustment</b>	<b>(558,818)</b>	<b>1,607,802</b>
<b>Change In Net Assets Without Donor Restrictions</b>	<b>16,107,079</b>	<b>24,966,691</b>
<b>Net Assets - Beginning Of Year</b>	<b>193,888,978</b>	<b>168,922,287</b>
<b>Net Assets - End Of Year</b>	<b>\$ 209,996,057</b>	<b>\$ 193,888,978</b>

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2024	2023
<b>Cash Flows From Operating Activities</b>		
Changes in net assets without donor restrictions	\$ 16,107,079	\$ 24,966,691
Adjustments to reconcile changes in net assets without donor restrictions to net cash from operating activities:		
Depreciation and amortization	4,004,987	3,618,383
Impairment on property and equipment	855,141	—
Net realized and unrealized gains on investments	(7,920,697)	(11,891,215)
Changes in assets and liabilities:		
Accounts receivable, net	(1,025,566)	(3,636,589)
Receivables due from affiliates	(359,580)	58,265
Construction reimbursement receivable	11,581,933	—
Prepaid expenses	(2,049,354)	(113,078)
Accounts payable	(3,255,676)	(2,525,137)
Accrued expenses and other current liabilities	6,055,575	2,599,801
Right of use assets and lease liabilities	(149,110)	(466,862)
Deferred revenue	(401,039)	(224,773)
Deferred pension asset	(335,995)	(2,424,210)
<b>Net Cash Provided By Operating Activities</b>	<b>23,107,698</b>	<b>9,961,276</b>
<b>Cash Flows From Investing Activities</b>		
Payments received on note receivable	274,013	274,013
Purchase of property and equipment	(28,290,110)	(18,366,412)
Purchase of investments	(37,680,199)	(35,004,198)
Proceeds from sale of investments	47,227,074	31,187,035
<b>Net Cash Used In Investing Activities</b>	<b>(18,469,222)</b>	<b>(21,909,562)</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>4,638,476</b>	<b>(11,948,286)</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>16,200,039</b>	<b>28,148,325</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 20,838,515</b>	<b>\$ 16,200,039</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>		
Purchases of property and equipment included in accrued expenses	\$ 727,007	\$ 8,186,950
ROU assets obtained in exchange for new operating lease obligations	3,426,599	20,152,902



NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 And 2023

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements (Continued)

1. Summary Of Significant Accounting Policies

Organization

The National Association of Insurance Commissioners (the NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate their regulatory oversight. The NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. The NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the United States.

Basis Of Accounting

The accompanying financial statements of the NAIC have been prepared on the accrual basis of accounting.

Basis Of Presentation

The financial statement presentation follows the requirements of accounting principles generally accepted in the United States of America by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity, and financial flexibility. As a result, the NAIC is required to report information regarding its financial position and activities according to the following classes of net assets:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions but may be subject to board designations. At December 31, 2024 and 2023, there were no board designated net assets.

*Net Assets With Donor Restrictions* - Net assets are subject to donor-imposed restrictions that may or will be met either by actions of the NAIC and/or the passage of time. Also included within this category are net assets subject to donor-imposed restrictions to be maintained in perpetuity by the NAIC. At December 31, 2024 or 2023, the NAIC does not have any net assets with donor restrictions.

Estimates And Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

The NAIC considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2024 and 2023, cash equivalents consisted of money market funds. The NAIC, at times, maintains deposits with banks in excess of the insured limits, but has not experienced any losses in such accounts.

Accounts Receivable

Accounts receivable are stated at the amounts management expects to collect from outstanding balances. The carrying amount is reduced by a valuation allowance, through a charge to earnings, that reflects management’s best estimate of amounts that will not be collected. This assessment considers historical experience, current conditions, and, when appropriate, reasonable and supportable forecasts. To estimate the expected credit losses, receivables have been grouped based on credit risk characteristics including age of the receivable. The allowance is determined by applying an expected credit loss percentage to the carrying value of the assets by categories. The percentages, which are updated at least annually, are based on historical experience and may be adjusted to the extent that future results are expected to differ from past experience. Given that the NAIC extends credit terms on a short-term basis, changes to the credit loss percentages due to future events are expected to be rare. Additionally, the allowance is also adjusted due to the changes in the collectability assessment of individual customers.

Construction Reimbursement Receivable

Construction reimbursement receivable represented tenant construction allowances that were billed to two landlords in connection with the renovation of office space. Receivables were stated at the amounts invoiced for what was due to the NAIC pursuant to the terms of the lease agreements.

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements (Continued)

Prepaid Expenses

Prepaid expenses include general expenses, insurance, and cloud implementation fees that are amortized to expense ratably over the term of the related arrangement.

Investments

The NAIC carries its investments at their estimated fair values. Unrealized gains and losses are included in the change in net assets in the accompanying financial statements.

Investments may be exposed to various risks, such as interest rate, market, and credit risks. As a result, it is at least reasonably possible that changes in risks in the near term could affect investment balances, and those effects could be significant.

Note Receivable

The NAIC has a note receivable due from an affiliate, the Interstate Insurance Product Regulation Commission (the Insurance Compact), as described in Note 7. The note receivable is stated at an amount management expects to collect from the outstanding balance, less an allowance for a future contribution to be made to the Insurance Compact once the principal amount of the note receivable is paid.

Property And Equipment

Property and equipment acquired with a useful life expectancy greater than one year and with a cost of \$7,500 or greater is capitalized and stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements (Continued)

The cost of internally developed software is capitalized during the application development stage. All costs during the preliminary project and post-implementation stages are expensed as incurred. The cost of capitalized software will be amortized on the straight-line method over the software’s estimated useful lives when placed in service.

	Estimated Useful Lives
Furniture and equipment	5 - 13 years
Computer and related equipment	3 years
Internally developed software	3 - 10 years
Leasehold improvements	10 - 13 years

Impairment Of Long-Lived Assets

If facts and circumstances indicate that the carrying amount of property and equipment may be impaired, an evaluation of recoverability would be performed. If an evaluation were required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset’s carrying amount to determine if a reduction to the carrying amount is required. The carrying amount of an impaired asset would be reduced to its estimated fair value. During the year ended December 31, 2024, management reserved \$855,141 of financial reporting platform implementation costs due to the uncertainty of its future value.

Leases

The NAIC maintains leases for office space and parking garage space in several different geographic locations including Kansas City, Missouri, Washington, DC and New York City, New York. Right-of-use (ROU) assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The ROU assets represent the lease liabilities, plus any lease payments made at or before the commencement date, less any lease incentives received. The NAIC leases have terms ranging from ten to thirteen years. The NAIC does not record ROU assets or lease liabilities for leases with an initial expected period lease term of 12 months or less. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.



**NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS**

Notes To Financial Statements *(Continued)*

The lease terms utilized in determining ROU assets and lease liabilities include the noncancellable portion of the underlying leases along with renewal periods, only if it is reasonably certain that the option will be exercised. When determining if a renewal option is reasonably certain of being exercised, the factors considered, include but are not limited to, the cost of moving to another location, the cost of disruption of operations, the purpose or location of the lease asset, and the terms associated with extending the lease.

The lease in Kansas City, Missouri was amended in 2023 to extend the term of the lease by an additional 12 years with no renewal options. The NAIC has not included any termination penalties in its lease payments, nor shortened any lease terms related to options to terminate a lease. In 2024, the Kansas City parking lease was amended to extend the lease by an additional 12 years with no renewal options.

Additionally, certain leases contain incentives, including rent reductions, rent holidays, and construction allowances from the respective landlords. These incentives reduce the ROU asset related to the lease and are amortized as reductions of expense over the lease term. The NAIC's leases do not contain any residual value guarantees or material restrictive covenants.

As most leases do not provide an implicit discount rate, the NAIC has made an election available to private entities that allows the use of the risk-free rate at the lease commencement date to determine the present value of the lease payments.

The NAIC's operating leases contain fixed rent escalations over the lease terms. The NAIC recognizes expense for these leases on a straight-line basis over the lease term of the respective ROU asset.

For contracts with lease and non-lease components, the total transaction price is allocated based on the observable or estimable standalone prices of the lease and non-lease components for all classes of leases.

**NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS**

Notes To Financial Statements *(Continued)*

**Pension Plan**

The Compensation - Retirement Benefits topic of the ASC requires employers to recognize on their statements of financial position a liability and/or an asset equal to the underfunded or overfunded status of their defined benefit pension and other postretirement benefit plans. The funded status that the NAIC has reported on the statement of financial position under the topic is measured as the difference between the fair value of plan assets and the benefit obligation.

**Net Assets**

The operating reserve policy considers the NAIC's working capital and strategic needs as well as current and future identified risks. As of December 31, 2024 and 2023, net assets were fully allocated, with the exception of an amount maintained as unallocated equal to 1.5% of the next year's projected net assets. The unallocated balance will be used to fund priority initiatives that may arise in the next year.

**Revenues**

Revenue from contracts with customers is derived primarily from fees for member assessments, database fees, the sale of publications and insurance data products, valuation services and transaction filing fees, and license and administrative services.

The NAIC's fees for member assessments are for a performance obligation that is satisfied over time and is derived from contracts with an initial expected duration of one year or less. The fee applies to an assessment fiscal year ended April 30, and are recorded in the calendar year assessed as receivables and deferred revenue. At December 31 of each year, one-third of the assessments are accounted for as deferred revenue. For the years ending December 31, 2024 and 2023, member assessment revenue was \$2,131,205 and \$2,125,696, respectively.

The NAIC's database fee revenue is recognized at a point in time and consists of a single performance obligation that is satisfied when the annual statement filing is due. Prices are distinct to a performance obligation. For the years ending December 31, 2024 and 2023, database fee revenue was \$43,661,649 and \$40,955,141, respectively.

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements *(Continued)*

The NAIC’s sales of publications and insurance data products are recognized at a point in time and consists of a single performance obligation that is satisfied when the product is made available to the customer. Prices are distinct to a performance obligation. For the years ending December 31, 2024 and 2023, publications and insurance data products revenue was \$18,572,122 and \$18,397,511, respectively.

The NAIC’s valuation services and transaction filing fees are recognized at a point in time and consists of performance obligations that are satisfied when the service or filing has been performed. Prices are distinct to a performance obligation. For the years ending December 31, 2024 and 2023, valuation services and transactions filing fees revenue was \$58,977,369 and \$55,544,719, respectively.

The NAIC’s administrative services and license fees are recognized at a point in time. Administrative services consist of revenues earned from related parties for administrative services and the use of the NAIC’s facilities and equipment. The NAIC’s license fees consist of revenue earned from a related party for the use of the NAIC’s producer data. Revenue from administrative services and license fees is recognized as revenue when the services are performed and when the use of the NAIC’s assets occurs, in accordance with the terms contained in written agreements in effect with related parties. Prices are distinct to a performance obligation. For the years ending December 31, 2024 and 2023, administrative services and license fee revenue was \$34,486,539 and \$30,677,213, respectively.

Deferred revenue represents amounts invoiced but the revenue recognition criteria has not been met. Such revenue is recognized when all criteria are subsequently met. Deferred revenues for revenue from contracts are classified as current liabilities on the statement of financial position and as of December 31, 2024 and 2023, were \$6,848,454 and \$7,249,493, respectively. As of January 1, 2023, deferred revenues were \$7,474,266. Associated net accounts receivable for revenue from contracts as of December 31, 2024 and 2023, was \$13,423,099 and \$11,842,679, respectively. As of January 1, 2023, accounts receivable for revenue from contracts was \$8,264,355. There were no changes in revenue streams that would affect economic seasonality of the statement of financial position.

There are no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers.

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements *(Continued)*

Income Taxes

The NAIC has been granted exemption from income taxes by the Internal Revenue Service under the provisions of section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the NAIC is subject to federal income tax on any unrelated business taxable income.

Uncertain tax positions, if any, are recorded in accordance with ASC Topic 740, Income Taxes. ASC 740 requires the recognition of a liability for tax positions taken that do not meet the more likely than not standard that the position will be sustained upon examination by the taxing authorities. There was no liability for uncertain tax positions recorded at December 31, 2024 or 2023.

Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditors’ Report, which is the date that the financial statements were available for issue.

2. Investments

Investments carried at fair value at December 31, 2024 and 2023, consisted of the following:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Fixed-income mutual funds	\$ 76,184,178	\$ 73,010,788	\$ 63,124,617	\$ 60,651,575
Foreign fixed-income mutual funds	1,530,407	1,439,091	3,212,695	2,930,967
Domestic equity mutual funds	16,529,529	21,453,777	19,667,485	22,943,215
Common stock:				
Industrials	588,047	972,531	2,211,384	3,483,215
Consumer discretionary	303,389	1,036,781	1,925,541	3,520,842
Financials	1,163,236	2,301,438	1,912,722	3,766,631
Information technology	1,492,553	2,917,624	3,654,847	7,327,601
Other industries	2,448,390	3,610,589	3,901,582	4,938,663
Foreign equity mutual funds	18,956,767	20,429,933	19,705,284	21,149,441
Alternative equity funds	11,800,000	17,640,517	11,800,000	15,727,097
	\$ 130,996,496	\$ 144,813,069	\$ 131,116,157	\$ 146,439,247



NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements *(Continued)*

Total net investment return comprises the following:

	2024	2023
Interest and dividend income	\$ 6,897,064	\$ 5,477,320
Net realized gains (losses)	9,429,835	(1,069,046)
Net unrealized gains (losses)	(1,506,517)	12,960,261
Investment manager fees	(281,193)	(268,179)
	<u>\$ 14,539,189</u>	<u>\$ 17,100,356</u>

3. Fair Value Measurements

The NAIC follows an established framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under these rules are described below:

- Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the NAIC has the ability to access.
- Level 2

Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements *(Continued)*

- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology and inputs used for assets measured at fair value:

- Common Stock

Valued at the daily closing price as reported on the active market on which the individual securities are traded.
- Mutual Funds

Valued at the daily closing price as reported by the fund. The mutual funds held by the NAIC are open-end investment companies that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds are deemed to be actively traded.
- Alternative Investments

The NAIC reports the fair value of alternative investments using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the NAIC based on various factors.

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements *(Continued)*

The following tables summarize the financial investments measured at fair value on a recurring basis, segregated by the general classification of such instruments pursuant to the valuation hierarchy:

	December 31, 2024				
	Total Fair Value	Level 1	Level 2	Level 3	
Fixed-income mutual funds	\$ 73,010,788	\$ 73,010,788	\$ —	\$ —	
Foreign fixed-income mutual funds	1,439,091	1,439,091	—	—	
Domestic equity mutual funds	21,453,777	21,453,777	—	—	
Common stock:					
Industrials	972,531	972,531	—	—	
Consumer discretionary	1,036,781	1,036,781	—	—	
Financials	2,301,438	2,301,438	—	—	
Information technology	2,917,624	2,917,624	—	—	
Other industries	3,610,589	3,610,589	—	—	
Foreign equity funds	20,429,933	20,429,933	—	—	
<b>Total</b>	127,172,552	<u>\$ 127,172,552</u>	<u>\$ —</u>	<u>\$ —</u>	
Investments measured at net asset value:					
Alternative equity funds	17,640,517				
<b>Total Investments</b>	<u>\$ 144,813,069</u>				

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements *(Continued)*

	December 31, 2023			
	Total Fair Value	Level 1	Level 2	Level 3
Fixed-income mutual funds	\$ 60,651,575	\$ 60,651,575	\$ —	\$ —
Foreign fixed-income mutual funds	2,930,967	2,930,967	—	—
Domestic equity mutual funds	22,943,215	22,943,215	—	—
Common stock:				
Industrials	3,483,215	3,483,215	—	—
Consumer discretionary	3,520,842	3,520,842	—	—
Financials	3,766,631	3,766,631	—	—
Information technology	7,327,601	7,327,601	—	—
Other industries	4,938,663	4,938,663	—	—
Foreign equity funds	21,149,441	21,149,441	—	—
<b>Total</b>	130,712,150	<u>\$ 130,712,150</u>	<u>\$ —</u>	<u>\$ —</u>
Investments measured at net asset value:				
Alternative equity funds	15,727,097			
<b>Total Investments</b>	<u>\$ 146,439,247</u>			

The following table sets forth additional disclosures of the NAIC’s investments whose fair value is estimated using NAV per share (or its equivalent) as of December 31:

	Fair Value At December 31		Unfunded Commitment	Redemption Frequency	Redemption Notice Period
	2024	2023			
Magnitude International (A)	\$ 9,536,324	\$ 8,391,037	\$ —	Quarterly	65 days
Chatham Asset High Yield Offshore Fund, Ltd. (B)	2,502,949	2,358,426	—	Quarterly	45 days
Davidson Kemper (C)	1,971,699	1,793,030	—	Quarterly	65 days
Silver Point Capital Offshore Fund, Ltd. (D)	2,394,951	2,121,233	—	Annually	90 days
TCIM Offshore Fund Ltd. (E)	1,234,594	1,063,371	—	Monthly	30 days
<b>Total</b>	<u>\$ 17,640,517</u>	<u>\$ 15,727,097</u>			

- (A) This fund’s investment objective is to deliver a 5% return over SOFR, net of fees, over an extended market cycle with a target of achieving 5% annual volatility. The fund is globally diversified, multistrategy, multimanager portfolio that seeks to maximize expected active return from investing in hedge funds while minimizing passive risk and managing exposure to shock risk.



- (B) This fund manages a long/short credit strategy within the high-yield bond and levered loan markets. The strategy combines a unique pairing of deep sector-based fundamental research combined with very active trading of portfolio positions.
- (C) This fund employs a broad multistrategy event driven approach, blending distressed investing with merger arbitrage, event equity, and convertible and volatility arbitrage expertise. Strategy seeks to exploit situations where an announced or anticipated event is likely to take place, and a disconnect in the current valuation relative to the believed exit value is found.
- (D) This fund manages a strategy that invests into distressed credit and special situations investments. Due to the nature of distressed credit, many of the investments have an event catalyst that will unlock value in the company. The fund is looking for opportunities in companies undergoing financial restructuring, companies in financial distress or bankruptcy, companies in liquidation or other special situations.
- (E) This fund aims to deliver meaningful risk-adjusted absolute returns utilizing rigorously research and modeled investment in publicly traded equities.

Alternative investments are redeemable with the fund at NAV under the original terms of the partnership and/or subscription agreements. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future, in accordance with the fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the NAIC’s interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported NAV. It is therefore reasonably possible that if the NAIC were to sell these investments in the secondary market, a buyer may require a discount to the reported NAV, and the discount could be significant.

4. Property And Equipment

Property and equipment at December 31, 2024 and 2023 consisted of the following:

	2024	2023
Furniture and equipment	\$ 5,859,911	\$ 4,504,727
Computer and related equipment	10,272,983	11,278,982
Computer software	40,696,587	39,079,126
Software upgrades in progress	21,890,708	13,836,648
Leasehold improvements	23,677,850	24,678,557
	102,398,039	93,378,040
Less: Accumulated depreciation and amortization	45,425,929	52,375,969
	\$ 56,972,110	\$ 41,002,071

Software upgrades in progress include ongoing technical projects. The first project includes the modernization of the NAIC’s System for Electronic Rates and Forms Filing (SERFF) which is a critical data collection platform. The NAIC is developing a new platform which will improve rate and form filing efficacy, which in turn will improve product speed to market. Additionally, the new platform will be easier and more intuitive to use, implement quality control checks to prevent incomplete filings, enhance communications between filers and reviewers, and provide access to data with more ease. Filings will be made efficiently, enabling regulators to review the filings more easily and provide feedback in a streamlined manner captured by the new platform. Estimated completion is expected in 2027.

The second project involves a new enterprise resource planning (ERP) solution that will convert current disparate operational applications into one cloud-based, integrated software suite to handle human capital management, accounting, financial management, payroll, procurement, and e-commerce business needs. Estimated completion is expected to continue to occur in phases throughout 2026.

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements (Continued)

5. Leases

The NAIC has an operating lease for office space and parking garage space in Kansas City, Missouri which expired in February 2024. In March 2023, this lease was amended to extend the term of the lease by an additional twelve years and redefined the leased premises. This amendment was determined to be a modification of an existing lease and not considered to be a separate contract. Accordingly, the ROU asset and lease liability was remeasured as of the commencement date to include the present value of all future payments under the newly extended term. The unamortized lease incentives from the previous lease amounted to \$1,503,978 at the commencement date of the modified lease. These unamortized incentives reduced the ROU asset when it was remeasured as of the commencement date for the lease amendment.

The lease amendment includes certain lease incentives that were received after the commencement date of the amendment. These incentives included rent reductions totaling \$1,500,000 and a tenant construction allowance totaling \$9,821,933. These incentives were received after the effective date of the lease amendment, therefore the incentives increased the lease liability and will be amortized as a reduction of rent expense over the remaining term of the lease.

In March 2024, the parking garage space lease was amended to extend the term of the lease by an additional twelve years and redefined certain parking rights. As such, the ROU asset and lease liability increased by \$3,426,599 which related to the lease was remeasured as of the commencement date for the lease amendment.

The NAIC has an operating lease for office space in Washington, DC which expired in January 2024. During 2023, NAIC entered into a new lease that is considered to be a separate contract from the existing lease located in Washington, DC. The new lease has a term of twelve years with no renewal options. It was determined that the commencement date was in 2023. As such, a ROU asset and lease liability in the amount of \$5,452,010 was recognized during 2023. The new lease contains a construction allowance of \$1,760,000 which reduced the initial ROU asset and results in a reduction of lease expense over the term of the lease.

The NAIC has an operating lease for office space in New York City, New York which expires in June 2027.

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements (Continued)

Lease expense for the years ended December 31, 2024 and 2023 is as follows:

		2024	2023
Operating Lease Costs	Classification		
Operating lease costs	Occupancy	\$ 3,446,222	\$ 3,426,324

Supplemental cash flow and other information related to leases are as follows:

	2024	2023
Cash Flow Information		
Cash paid for operating leases included in operating activities	\$ 3,757,796	\$ 3,853,898
Other Information		
Weighted-average remaining term - operating leases	10.76	11.57
Weighted-average discount rate - operating leases	3.48%	3.36%

The reconciliation of the undiscounted cash flows for each of the next five years and total remaining years of the lease liabilities recorded on the statement of financial position is as follows:

Year	Operating Leases
2025	\$ 3,696,769
2026	4,415,928
2027	4,189,640
2028	3,837,729
2029	3,919,862
Thereafter	30,566,971
Total Minimum Lease Payments	50,626,899
Less: Amount of lease payments representing interest	12,413,119
Present value of future minimum lease payments	38,213,780
Less: Current portion	2,672,635
Long-Term Lease Liabilities	\$ 35,541,145



NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements (Continued)

6. Employee Retirement Plans

The NAIC has a noncontributory defined benefit plan covering all employees with a hire date prior to January 1, 2000. As of December 31, 2012, accrued benefits for all active participants were frozen. The benefits are based on years of service and the employee's compensation prior to January 1, 2013.

Effective May 31, 2024, NAIC approved the termination of the defined benefit pension plan. As a result, in 2024 each participant elected to receive either a single lump sum distribution, the option to rollover the value of their benefit to a different retirement account, or receive an annuity contract which will be administered by a third-party. All benefits were settled during 2024. As of December 31, 2024, there is no remaining liability associated with the defined benefit pension plan. The remaining plan assets represent the surplus after all of the obligations have been settled with plan participants. There will be a true-up with the third-party administrator during the first half of 2025 for any pension assumption adjustments which will result in the closing of the trust and all surplus funds being returned to the NAIC.

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements (Continued)

The following table sets forth the plan's funding status, amount recognized in the NAIC's financial statements, and other required disclosures:

	2024	2023
Projected benefit obligation	\$ —	\$ (34,524,211)
Fair value of plan assets	6,112,325	40,300,541
Funded status of plan	\$ 6,112,325	\$ 5,776,330
Accrued benefit asset recognized in the statements of financial position	\$ 6,112,325	\$ 5,776,330
Accumulated benefit obligation	\$ —	\$ 34,524,211
Plan settlements	\$(33,811,449)	\$ (2,001,666)
Benefits paid	\$ (964,461)	\$ (987,670)
Interest cost	\$ 1,506,235	\$ 1,691,948
Return on plan assets	(1,437,671)	(1,560,069)
Amortization of net loss	(1,132,213)	(915,888)
Settlement loss recognized	168,836	(32,399)
Net pension benefit	\$ (894,813)	\$ (816,408)

Weighted-average assumptions used to determine benefit obligations were as follows:

	2024	2023
Discount rate	N/A	5.09%
Salary rate	N/A	N/A
Measurement date	December 31, 2024	December 31, 2023

Weighted-average assumptions used to determine net pension costs were as follows:

	2024	2023
Discount rate	5.09%	5.39%
Salary rate	N/A	N/A
Expected return on plan assets	4.00%	4.25%
Measurement date	December 31, 2024	December 31, 2023

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements (Continued)

The expected rate of return on plan assets is determined by those assets' historical long-term investment performance, current asset allocation and estimates of future long-term returns by asset class.

The following is the plan's weighted-average asset allocation by asset category as of December 31, 2024 and 2023 (the measurement date of the plan assets):

	2024	2023
Debt securities	100%	100%

Plan assets are held by an insurance company, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreement permits investment in common stocks, corporate bonds, U.S. government securities, and other specified investments, based on certain target allocation percentages. Plan assets are rebalanced as necessary based upon the minimum and maximum restrictions set forth in the plan's investment policy statement. Plan assets are valued using Level 1 inputs and are based on unadjusted quoted market prices within active markets.

The NAIC provides a defined contribution 401(a) plan (Plan B) that covers substantially all employees. Each year, the Executive (EX) Committee and Internal Administration (EX1) Subcommittee determine the contribution for the next year. The NAIC matched up to 5.5% of compensation of employees who contributed to Plan B and contributed 3.0% of all employees' compensation in 2024 and 2023. The pension expense related to Plan B for the years ended December 31, 2024 and 2023, was \$5,500,458 and \$5,040,621, respectively.

7. Related Party Transactions

The NAIC and National Insurance Producer Registry (NIPR) executed a License and Services Agreement (the Agreement) effective January 1, 2023, for an initial term of five years. The terms of the Agreement provide for (1) a 38% license fee for NIPR to use the NAIC's producer data; (2) the reimbursement of the actual cost of services, facilities, and equipment provided by the NAIC to NIPR; and (3) a service fee for administrative and technical services provided by NAIC staff.

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements (Continued)

The total amount of revenue recognized during the year and amount due from NIPR are as follows:

	2024	2023
Administrative services provided to NIPR	\$ 3,102,204	\$ 3,018,756
License fee	\$ 31,234,334	\$ 27,518,456
Accounts receivable due from NIPR	\$ 2,831,358	\$ 2,453,974

Effective June 2007, the NAIC entered into a service agreement with the Interstate Insurance Product Regulation Commission (the Insurance Compact), where the NAIC provides certain administrative services to the Insurance Compact. The NAIC receives an administrative fee of \$125,000 and an annual license and maintenance fee in the amount of \$25,000 for the use of the NAIC's SERFF. The Insurance Compact also pays an adjustable administrative fee of 7.5% for every \$25,000 of net revenue in excess of expenses.

The Insurance Compact used lines of credit from the NAIC to fund operational needs from 2007 to 2012. Interest accrued throughout this period at a rate of 2.25%.

Repayment of principal and interest was deferred until certain operating performance measures were met by the Insurance Compact. As of December 31, 2019, the Insurance Compact's 2019 financial performance triggered repayment of the note receivable. During 2020, the Insurance Compact renegotiated with the NAIC to modify and restructure the aforementioned operating note as a result of the trigger date being achieved. The modified agreement extends the repayment term from five to ten years with the first payment due in 2020 and the final payment due in 2029. Repayment will be made only on the principal balance. Payments of \$274,013 will be made no later than March 31 of each year. Interest does not accrue during the repayment period including any extended periods beyond the initial 10-year repayment period. If, during the 10-year repayment period, the Insurance Compact's cash balance is less than \$250,000 as reflected in the annual audited financial statements, the required payment for the year following the financial statement date will be deferred and the repayment period extended accordingly. Upon the final payment that completely repays the principal balance, the imputed interest balance of \$712,733 will be forgiven and treated as a contribution to the Insurance Compact. As a result of the modification, the NAIC has recorded an allowance for the accrued interest portion of \$712,733 on the note receivable from the Insurance Compact as of December 31, 2024 and 2023.



NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements *(Continued)*

Principal payments due to the NAIC as of December 31, 2024, consist of the following:

<u>Year</u>	<u>Amount</u>
2025	\$ 274,013
2026	274,013
2027	274,013
2028	274,013
2029	274,017
	<u>\$ 1,370,069</u>

The total amount of revenue recognized during the year and amounts owed at year-end from the Insurance Compact are as follows:

	<u>2024</u>	<u>2023</u>
Administrative services provided by the NAIC	\$ 125,000	\$ 125,000
License fee paid to the NAIC	\$ 25,000	\$ 25,000
Adjustable administrative fee	\$ —	\$ 15,000
Amounts payable to the NAIC	\$ 42,878	\$ 60,682
Note payable to the NAIC, net of allowance of \$712,733 recorded by the NAIC	\$ 1,370,069	\$ 1,644,082

8. Contingencies

The NAIC is, from time to time, subject to claims and lawsuits arising in the ordinary course of business. Although the ultimate disposition of such proceedings is not presently determinable, management does not currently believe the ultimate resolution of these matters will have a material adverse effect on the financial condition, results of operations, or cash flows of the NAIC.

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements *(Continued)*

9. Commitments

Effective August 1, 2021, the NAIC entered into a long-term agreement with a third party for financial modeling services related to Commercial Mortgage Backed Securities (CMBS) and Residential Mortgage Backed Securities (RMBS). The NAIC pays the third party a fee of \$2,950,000 on an annual basis through the expiration of the agreement on July 31, 2025. This agreement includes two one-year renewal options. The NAIC plans to exercise the first renewal in 2025.

10. Liquidity And Availability Of Resources

The NAIC regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of December 31, 2024 and 2023, the following financial assets are available to meet general operating expenditures of the subsequent fiscal year:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 20,838,515	\$ 16,200,039
Accounts receivable, net	10,353,589	9,328,023
Receivables due from affiliates	2,874,236	2,514,656
Construction reimbursement receivable	—	11,581,933
Investments	144,813,069	146,439,247
Current portion of operating note receivable	274,013	274,013
<b>Total Financial Assets</b>	<b>\$ 179,153,422</b>	<b>\$ 186,337,911</b>

The NAIC has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, and marketable debt and equity securities. See Note 2 for information about the NAIC's investments.

NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements (Continued)

11. Statements Of Functional Expenses

Expenses for the years ending December 31, 2024 and 2023 are presented in the following tables according to both functional and natural classifications. Certain expenses including salaries, benefits, and payroll taxes are allocated on the basis of time and effort. Expenses including professional services and travel are split based upon the review of the underlying nature of the expense.

The following table provides both functional and natural classifications for the year ending December 31, 2024:

	Program Services	Management And General	Total Expenses
Salaries	\$ 63,297,629	\$ 8,478,676	\$ 71,776,305
Temporary personnel	677,809	49,954	727,763
Employee benefits and development	17,143,153	2,433,172	19,576,325
Professional services	16,462,511	3,910,451	20,372,962
Computer services	8,664,580	131,977	8,796,557
Travel	5,644,572	278,640	5,923,212
Occupancy and rental	4,146,981	549,254	4,696,235
Computer hardware and software maintenance	9,748,577	1,090,401	10,838,978
Depreciation and amortization	3,614,505	390,482	4,004,987
Insurance	513,651	—	513,651
Supplies and printing	565,465	1,280,610	1,846,075
National and major meetings	6,336,865	205,965	6,542,830
Education and training	90,855	—	90,855
Grant and zone	2,390,961	—	2,390,961
Other expenses	903,352	258,569	1,161,921
	\$ 140,201,466	\$ 19,058,151	\$ 159,259,617

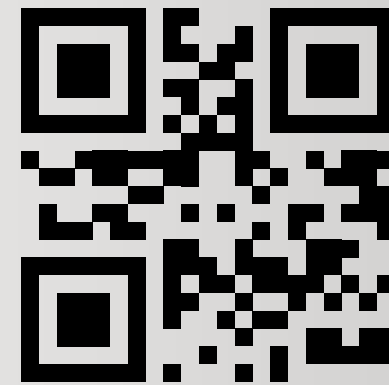
NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

Notes To Financial Statements (Continued)

The following table provides both functional and natural classifications for the year ending December 31, 2023:

	Program Services	Management And General	Total Expenses
Salaries	\$ 60,556,729	\$ 5,337,515	\$ 65,894,244
Temporary personnel	635,028	235,789	870,817
Employee benefits and development	16,266,118	1,656,301	17,922,419
Professional services	14,212,701	2,264,652	16,477,353
Computer services	8,269,549	230,125	8,499,674
Travel	5,270,367	301,025	5,571,392
Occupancy and rental	4,140,946	553,841	4,694,787
Computer hardware and software maintenance	6,955,497	1,538,210	8,493,707
Depreciation and amortization	3,419,999	198,384	3,618,383
Insurance	505,158	—	505,158
Supplies and printing	216,874	1,748,639	1,965,513
National and major meetings	6,089,993	333,349	6,423,342
Education and training	183,361	—	183,361
Grant and zone	2,118,802	—	2,118,802
Other expenses	912,517	372,617	1,285,134
	\$ 129,753,639	\$ 14,770,447	\$ 144,524,086





[WWW.NAIC.ORG](http://WWW.NAIC.ORG)



**NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS**