NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

2023 ANNUAL REPORT

Shaping Our Future

The National Association of Insurance Commissioners (NAIC) has consistently evolved to meet its Members' needs amid a rapidly changing and growing insurance marketplace. In May of 1871, during its first meeting held in New York, the NAIC produced a blueprint for state-based regulation. Our mission and vision remain intact 239 national meetings later—through resiliency, collaboration, and adaptability. As we shape our future, we continue to build on our initial blueprint.

In 2023, we began implementing our new three-year strategic plan, *State Connected*. *State Connected* reflects our continued commitment to support the state-based insurance system and our Members' mission to safeguard markets and protect all consumers.

The National Association of Insurance Commissioners (NAIC) provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. Founded in 1871, the US standard-setting organization for insurance regulation is governed by the chief insurance regulators from the 50 states, the District of Columbia, and five US territories to coordinate regulation of multistate insurers.

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"Strategy is about shaping the future."

—Max McKeown

Message from Leadership

As a member service organization founded more than 152 years ago, the NAIC is committed to providing its Members, the chief insurance regulators in the 50 states, District of Columbia, and five US Territories, with the tools, data, and support necessary to help them effectively regulate the insurance industry and protect consumers.

With more than 520 employees reporting from three locations—Kansas City, MO; New York City; and Washington, DC—the NAIC has a diverse skill set that drives performance. Our continued success, in many ways, can be attributed to the service-oriented culture of our staff team. Year after year, we have engaged this unique mindset set to help our Members address some of the insurance sector's most pressing challenges.

In 2023, with our regulatory priorities serving as our compass, we began implementing our new three-year *State Connected* strategic plan. We have identified 31 initiatives aligned with our core vision and objectives. In just one year, we have actively advanced 26 of those initiatives, many of which are highlighted in this report. I am proud of this accomplishment and look forward to continued success over the next two years.

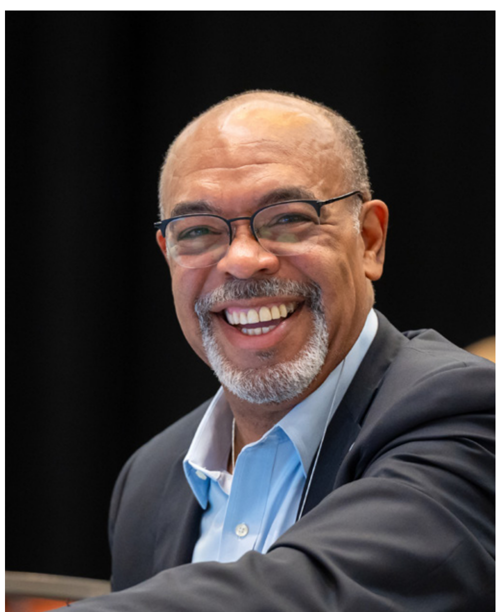
Operationally, we have developed a strong cadence that will help us continue to adapt and move forward as we pursue our strategic objectives. We recognize that we must remain vigilant for new risks on the horizon as we work to address issues like insurance availability and affordability, climate resiliency, cybersecurity, artificial intelligence (AI), and big data-related risks—to name a few—that our states and the insurance sector are facing.

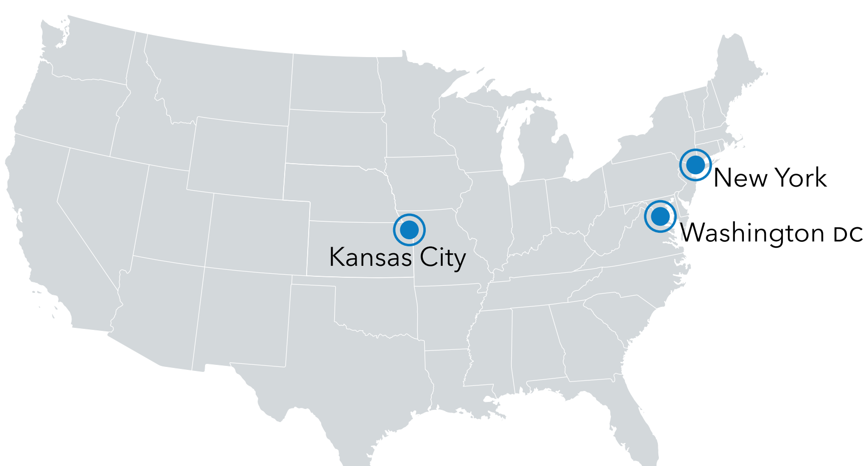
I am proud to be part of the NAIC team. I look forward to 2024 and all that we will accomplish together as we put our best work forward to shape the NAIC's future.

Andrew J. Beal
Acting Chief Executive Officer,
Chief Operating Officer,
and Chief Legal Officer

“The future depends on what you do today.”

—Mahatma Gandhi




New York
Washington DC
Kansas City

State Connected

The NAIC announced its new three-year strategic plan, *State Connected*, during its 2023 Spring National Meeting.

State Connected was produced through the diligent efforts of the NAIC Officers, Strategic Planning Steering Committee, Members, and staff, and it provides a strong foundation upon which to build the future of state-based insurance regulation.

The 2023–2025 plan is composed of six key strategic focus areas:

- Member Connectivity
- Training, Expertise, and Technology
- Data and Analytics
- Consumer Education, Outreach, and Advocacy
- Committee Governance and Management
- NAIC Operations

STATE CONNECTED 2023 STRATEGIC ROADMAP

1. Member Connectivity	2. Training, Expertise, and Technology	3. Data and Analysis	4. Consumer Education, Outreach, and Advocacy
Member Connectivity Program	**Solvency Paper Software**	**Financial Data Repository**	**Insurance Agent/Broker Search**
NAIC Communications Consolidation	**System for Rates and Forms Filing**	**Enterprise Data Asset Management (PH3)**	**Consumer Education and Outreach**
Customer Relationship Management (CRM) System	**Uniform Certificate for Authentication**	**Market Conduct Annual Statements (MCAS)**	**Insurance Foundation**
NAIC Connect	Expand NAIC Expertise	**Regulatory Information Retrieval**	
Member Support and Onboarding Project	**Economic Scenario Generator**	**Financial Analysis Tool Retrieval**	
	NAIC Education and Training Modernization Project	Market Analysis Review System	
	Identity Management	Data Governance	
	Americans with Disabilities Act		
	Artificial Intelligence Scoring		
	OPT*ins*		
	VISION 1 Program		

Initiatives in **bold** are underway

"The insurance industry is consistently and rapidly evolving. Our *State Connected* strategic plan strongly positions the NAIC so that it can provide needed support for state insurance regulators as they strive to maintain stable markets and protect consumers."—**Chlora Lindley-Myers,** 2023 NAIC President and Director of the Missouri Department of Commerce and Insurance

Thirty-one initiatives aligned with our core vision and objectives have been identified. And in just one year, we are actively advancing on 26 of those *State Connected* initiatives.

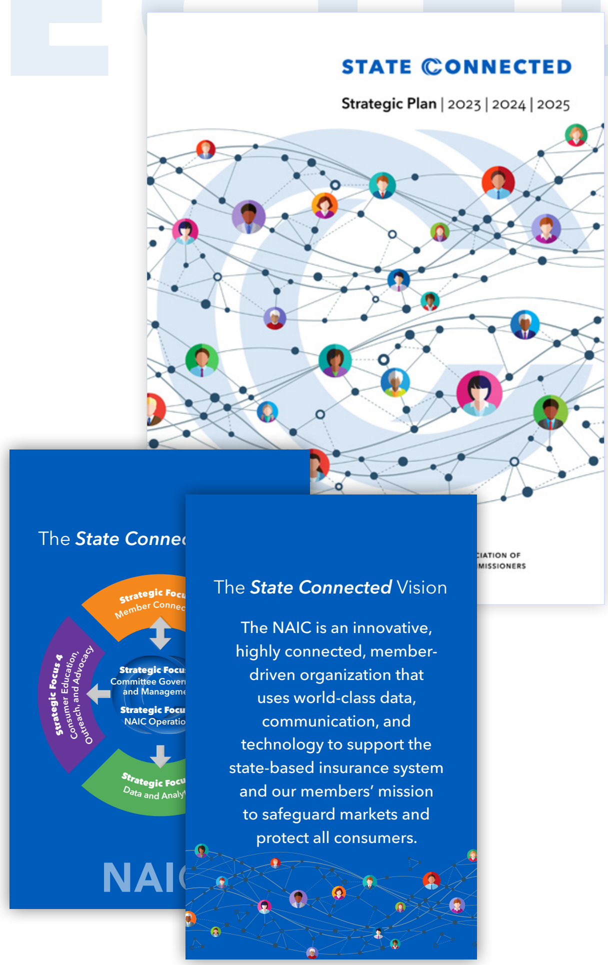
We have achieved several noteworthy milestones, including the launch of NAIC Connect, a new member portal for state insurance regulators; significant progress on the new System for Electronic Rates & Forms Filing (SERFF) platform; and a streamlined licensing process for primary and re-domestication applications as part of the new Uniform Certificate of Authority Application (UCAA).

5. Committee Governance and Management

- **Committee Governance and Management**
- Incorporating Strategic Regulatory Priorities
- Best Practices in Board and Executive Committee Performance

6. NAIC Operations

- **Succession Planning**
- **The Employee Experience**
- **Implement Workday**
- **Proactively Expand Recruiting**
- Five-Star Experience
- **Expand DE&I Framework**



QR Code to *State Connected* site

Key Member Support Achievements

- Developed an implementation plan for the *State Connected* strategic plan
- Released additional features in NAIC Connect to increase Member collaboration and community networking
- Provided staff support for the Executive Committee, letter committees, task forces, working groups, National Meetings, and zone regional meetings
- Delivered an enhanced orientation program for new Members and related support resources
- Activated the Disaster Assistance Program to support the Hawaii Insurance Division's efforts to serve consumers in the aftermath of the Maui wildfires

Education and Training Metrics

2,205
live training session participants

3,168
online (on-demand) participants

11 Practical Manager events training **233** regulators

2,289
active Designation Program participants

Leaning Forward on Emerging Issues

Our 2023 legislative priorities, as well as the policy research that the Center for Insurance Policy and Research (CIPR) produced, sharpened our focus on domestic and global challenges, emerging risks, and trends as they continue to evolve.

The NAIC Government Affairs team provides support to NAIC Members as they develop positions on important insurance regulatory policy issues. In 2023, our Members shared the NAIC's position on domestic and international policy with stakeholders through letters, testimony, and panel participation.

Key Policy Achievements

- Advanced the Disaster Mitigation and Tax Parity Act of 2023 and legal cannabis banking and insurance legislation
- Raised congressional awareness of "The Factors Influencing the High Cost of Insurance for Consumers" via testimony by Minnesota Insurance Commissioner Grace Arnold before the US House Financial Services Subcommittee on Housing and Insurance
- Coordinated Member feedback on regulatory policy issues with the Federal Insurance Office (FIO), Federal Housing Finance Agency (FHFA), Federal Emergency Management Agency (FEMA), and Department of Labor (DOL)
- Hosted the All Commissioner Fly-In in Washington, DC, resulting in 133 congressional meetings, as well as discussions with several agency leaders
- Achieved maximum capacity at the International Insurance Forum with 230 participants

Health Policy Initiatives

- Engaged with Congress and federal agencies on:
  - Medicare Advantage marketing abuses
  - Funding for mental health parity grants to states and State Health Insurance Assistance Programs (SHIPs)
  - Association Health Plan (AHP) and stop loss legislation
  - The Medicare/COBRA secondary payer problem
  - Pharmacy benefit manager (PBM) proposals and adoption of a PBM Guide
- Coordinated Member comments on several proposed rules important to state regulation:
  - Short-term, limited-duration (STLD) plans and fixed indemnity plan proposal that would limit state flexibility
  - Mental health parity rule that would enhance requirements on carriers
  - 2024 draft Notice of Benefit and Payment Parameters

Key Regulatory Support Achievements

Financial and Market Regulation

Market Conduct Annual Statement (MCAS) enhancements: The NAIC processed 37,187 MCAS filings on behalf of the NAIC Members last year, and this includes for the first time collection of data on travel insurance and short-term limited duration health plans.

Preparations are underway for additional data collection initiatives in 2024, covering areas like accelerated underwriting data for life insurance and digital claims data for homeowners and private passenger automobile (PPA).

Regulatory standards for health insurance lead generators: The Market Regulation and Consumer Affairs (D) Committee adopted revisions to the NAIC *Unfair Trade Practices Act* to provide state insurance departments the means to regulate lead generators and gain a level of consumer protection that is not currently in place. The model revisions include a new definition of Health Insurance Lead Generator and clarifies Health Insurance Lead Generators are prohibited from engaging in Unfair Trade Practices set forth in the model.

Voluntary Market Regulation Certification Program: The NAIC introduced a new program to establish common standards among Member jurisdictions, ensuring best practices in market regulation. The program comprises 11 requirements and offers the option for self-certification or full certification, subject to assessment by the Market Regulation Certification (D) Working Group.

Updates to handbooks: The *Market Regulation Handbook* and *Product Filing Review Handbook* were updated to assist state insurance regulators. The *Market Regulation Handbook* now offers guidance on conducting life and annuity examinations in compliance with the *Suitability in Annuity Transactions Model Regulation* (#275), while the *Product Filing Review Handbook* now includes best practices for regulatory review of predictive models.

Regulatory standards of public adjusters: The Producer Licensing (D) Task Force has been amending the *Public Adjuster Licensing Model Act* (#228) to enhance consumer protections in property casualty (P/C) claims, focusing on issues like unlicensed individuals, contractors acting as adjusters, benefit rights assignments, and excessive fees.

Implemented TeamMate+: NAIC Members began transitioning from TeamMate AM software to TeamMate+. As of Dec. 31, 2023, 44 states have entered into agreements to transition to TeamMate+, and 33 states have transitioned from their local hosting option to TeamCloud.

Implemented ThoughtSpot: The NAIC implemented ThoughtSpot, a self-service data analytics tool for state insurance regulators. The business intelligence tool is used when accessing Financial Data

Repository (FDR) data for ad hoc and recurring reporting.

Financial Reporting Enhancements

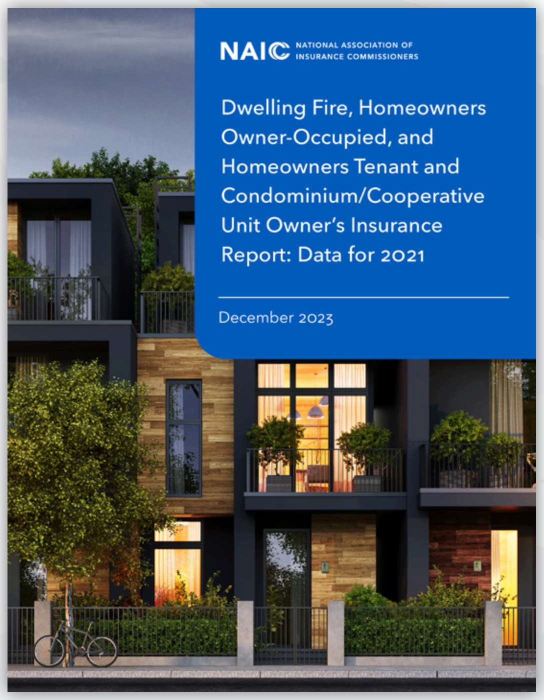
Modernizing the FDR: We are laying the foundation to embark on a multiyear project to modernize FDR. The modernization contemplates using a different programming language that among other things provides more machine readable capabilities and leverages tools built for financial databases.

The FDR is a centralized database of financial data used by state insurance regulators to monitor insurers' solvency. The FDR database contains 10 years of annual and quarterly financial data on four different insurer types in both raw data and PDF formats. The overall information represents more than 98% of the premiums written in the country and more than 4,500 individual insurers. The database is updated every year.

Property/Casualty

2023 Property/Casualty (P/C) reports: The Property and Casualty Insurance (C) Committee developed materials that insurance departments rely on annually to educate consumers about what could affect premiums for homeowners and auto insurance.

2023 Central US Quake Summit: The NAIC and the Missouri Department of Commerce and Insurance co-sponsored the 2023 Central US Quake Summit Nov. 13–14 in St. Louis, MO. The Summit informed state insurance regulators, insurers, emergency management leaders, and government officials about



"closing the gap" on earthquake insurance coverage, particularly in the New Madrid Seismic Zone. It included presentations on earthquake science and tools used to assess risk.

NAIC Nationwide Data Call: Amid the evolving insurance marketplace, state insurance regulators developed a template to issue a data call to collect granular data from property and casualty insurers to help regulators better understand property markets, coverages, and protection gaps. The data call, announced in August, is part of a long-term, robust data collection strategy.

Insurance Institute for Business & Home Safety (IBHS): The NAIC and the IBHS entered into a memorandum of understanding (MOU) in July to provide state insurance regulators access to IBHS member-only content and additional opportunities to collaborate on select topics concerning disaster preparedness. The MOU allows full access to exclusive research, training, and resources to

NAIC Members viewed a moderate overlap frontal crash test of a 2024 Mazda CX-90 during their visit to the Insurance Institute for Highway Safety's Vehicle Research Center.

help state insurance regulators better inform consumers on how to prepare for natural disasters. State insurance regulators visited the Insurance Institute for Highway Safety's (IIHS) Vehicle Research Center in October to explore applied research and data showcasing improvements in auto safety features.

Research and Actuarial Services

Research and Actuarial Services: The team assisted state insurance department subject matter experts (SMEs) with the development of artificial intelligence (AI)/machine learning (ML) surveys and distributed the surveys to insurers. The team also drafted and submitted AI/ML data reports summarizing the Home and Life AI/ML survey data to the Big Data and Artificial Intelligence (H) Working Group.

The Rate Model Review: The Rate Model Review team, comprising four actuaries, produced 172 rate model reports, up from 129 reports produced in 2022. In 2023, 37 states signed the Rate Review Support Services Agreement with the NAIC to use the rate model review services and a shared regulator-only model database. The NAIC provided numerous model training opportunities for state insurance regulators through presentations, the Insurance Summit, and the Casualty Actuarial and Statistical (C) Task Force's monthly book club sessions.

At the Insurance Institute for Business & Home Safety, NAIC Members participated in a test to see how a shingled roof panel performs when impacted by wind-borne debris like a 2x4.

New Avenues to Insurance Careers (N.A.I.C.) Foundation

The N.A.I.C. Foundation was incorporated in 2022 to provide scholarship and internship opportunities to college students in underserved communities. The foundation is a Missouri not-for-profit 501(c)(3) corporation, seeking tax-exempt status with the Internal Revenue Service (IRS).

The three foundation directors are NAIC Past Presidents George Nichols III, Therese Vaughan, and Raymond G. Farmer. The directors have adopted bylaws and a plan of operation.

Throughout 2023, the directors worked to establish a framework for the scholarship and internship program, identifying prospective college and university partners, as well as exploring internship programs with state insurance departments.

In December, the foundation awarded a $2,500 scholarship to a student at Troy University (Troy, AL) for the 2024 spring semester. The student also will be eligible to participate in an internship program at the Alabama Department of Insurance (DOI).

For the 2024–25 academic year, the foundation aims to have scholarship and internship programs established with as many as five colleges/universities/state insurance departments.

Accelerating Investments in Technology

Key Technology and Analytical Tools Achievements

Uniform Certificate of Authority Application

In 2023, the NAIC completed the first phase of the Uniform Certificate of Authority Application (UCAA) redesign initiative on a low-code technology platform. It brings an electronic filing process for risk-bearing entity certificate of authority applications for all domestic submissions, which eliminates manual processes and improves accuracy and completeness. Future deliverables of the redesign include foreign and domestic corporate amendments and expansion applications, Form A and Form E, and the biographical affidavit application and database.

Service Desk Improvements

The NAIC implemented several improvements to the NAIC Service Desk. We added callback features for state insurance regulators and industry users, and we extended the NAIC Service Desk hours to 6:00 p.m. CT for industry and to 8:00 p.m. CT for regulators, with no additional staffing required. We also added bilingual support staff to prepare for the launch of Spanish language support in the first quarter of 2024. These achievements help the NAIC better support our customers.

System for Electronic Rates & Forms Filing

The System for Electronic Rates & Forms Filing (SERFF) modernization initiative completed its sixth development increment toward delivering base functionality and specific features for Interstate Insurance Product Regulation Commission (Compact) filings. The Compact is the first business type scheduled to move to the new platform in 2024. The modernized system focuses on ease of use, automation of routine tasks, support for state business rules and workflows, and advanced technologies, such as artificial intelligence (AI). Significant new features include fee calculations, licensing verification, a pre-submission compliance checklist, task management, email notifications, self-service user management, and a report builder. In 2023, the SERFF team fully rolled out enhancements to the legacy system, including document comparison, robust text and phrase search, and improved reporting.

Enterprise Data Platform

State insurance regulators migrated to a new NAIC data platform that is more secure and allows them to access regulatory data easier. The platform provides access to financial and market conduct data. In addition, previously unavailable complaints and regulatory action data are now available. The data from the State Based Systems (SBS) and System for Electronic Rates & Forms Filing (SERFF) are being incorporated into the platform, making it easier for state insurance regulators to access any of their data through one platform.

Online Fraud Reporting System

The NAIC revamped the Online Fraud Reporting System (OFRS) with updated interfaces for industry and consumers to submit suspected insurance fraud to the NAIC. The enhancements updated a more than 15-year-old system to meet the latest cybersecurity standards and expanded state insurance regulators' ability to collect and review attachments to go along with the fraud reports. The enhancements allow NAIC development staff and insurance regulators to respond to new types of insurance fraud more quickly. New secured and modernized application programming interfaces (APIs) for backend web services conform to the latest security standards and allow states to download OFRS data directly from the NAIC into their own systems.

Workday Implementation

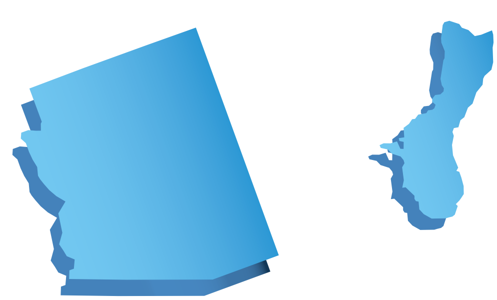
The NAIC completed the first phase of Workday, which included core HCM, recruiting, onboarding, benefits, learning, compensation, talent optimization, absence, time tracking, and payroll. Workday is a cloud-based enterprise application that combines a lower cost of ownership with an innovative approach for global business.

System Upgrades to Enhance Security

The NAIC completed major upgrades and technical changes to many of its systems to improve its security posture and increase the NAIC's response speed to security events.

State Based Systems

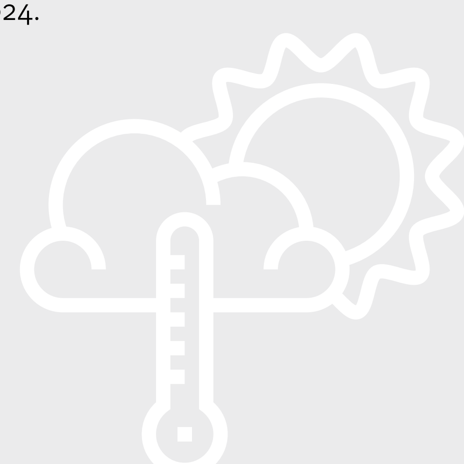
State Based Systems (SBS) continues to expand its reach and bring great value to state insurance regulators. The platform was recently licensed in Guam and is ready for an early 2024 go-live. Additionally, the Arizona Department of Insurance and Financial Institutions successfully transitioned all insurance continuing education (CE) services to SBS. The SBS team also worked to supply the National Insurance Producer Registry (NIPR) with real-time CE information, making it easier for insurance professionals to renew their licenses through NIPR. Additionally, the SBS/NIPR Education and Collaboration Summit was a successful event, with more than 200 regulators attending.



Committee Highlights

Climate and Resiliency (EX) Task Force

The Climate and Resiliency (EX) Task Force's four workstreams worked on evaluating solvency proposals to strengthen the oversight of climate risk's impact on the financial condition of US insurers; enhancing information available to states and consumers related to mitigation resources; increasing the number of states and insurers participating in the Climate Risk Disclosure Survey aligned with the Financial Stability Board's (FSB's) Task Force on Climate-Related Financial Disclosures (TCFD) framework; and leveraging the work of the NAIC's Catastrophe Modeling Center of Excellence (COE) as it provides state insurance regulators with technical expertise, tools, and information on catastrophe-related risks relevant for their region. A highlight of the Task Force's work in 2023 was its adoption of the first-ever *NAIC National Climate Resilience Strategy for Insurance* to bring together the products in the Task Force's existing workstreams to promote resilient insurance markets in all US jurisdictions. The document was exposed for public comment in 2023 and will be considered for adoption by the full Membership in 2024.



Long-Term Care Insurance (EX) Task Force

Long-term Care Insurance Rate Review Methodology and RBO Research: The Long-Term Care Insurance (B) Task Force is continuing its efforts to improve the multi-state actuarial (MSA) rate review process through the development of a single actuarial methodology. The Task Force is also conducting research through CIPR to gain insight into communication with consumers on reduced benefit options (RBOs) and consumer choices.

Special (EX) Committee on Race and Insurance

LIFE WORKSTREAM

The Life Workstream of the Special (EX) Committee on Race and Insurance continued its focus on marketing, distribution, and access to life insurance products in minority communities, as well as the role of financial literacy in these communities. The Workstream plans to move forward with a resource guide to improve access to and the understanding of insurance products in underserved communities.

HEALTH WORKSTREAM

The Health Workstream of the Special (EX) Committee on Race and Insurance continued to provide a forum for sharing innovative state programs and initiatives that promote health equity. The Workstream created a collaborative workspace on the NAIC Connect platform to help facilitate discussions between NAIC Members on health equity and other related topics.

Life Insurance and Annuities (A) Committee

It was another active year for state adoption of the 2020 revisions to the *Suitability in Annuity Transactions Model Regulation* (#275). The revisions ensure that all recommendations by producers and insurers are in the best interest of the consumer and that consideration of the consumer's financial interests must always be placed ahead of any interest that the producer or insurer may have in the transaction. As of December 2023, 41 jurisdictions have implemented Model #275 revisions.

Health Insurance and Managed Care (B) Committee

The Committee continued to focus on the low number of consumer appeals of claims and prior authorization denials and how to inform consumers of their rights. The Consumer Information (B) Subgroup, as tasked by the Committee, developed and posted consumer-facing documents to help consumers through the claims process.

The Committee, as requested by the Financial Analysis (E) Working Group, asked the Health Actuarial (B) Task Force to work with CMS and other stakeholders to develop recommendations for improving the federal risk adjustment formula to address state insurance regulators' concerns about how it may impact the solvency of new health insurers entering a market. The Committee also asked the Task Force to look at how possible changes to the Cost-Sharing Reduction assistance program, such as adjustments to "silver loading", could impact access to coverage.

The Committee facilitated discussions on other issues of interest to regulators, including: 1) network adequacy; 2) Medicaid unwinding due to the pending end of the COVID-19 public health emergency (PHE); 3) state-based marketplaces (SBMs); and 4) essential health benefits (EHBs).

Property and Casualty Insurance (C) Committee

Market Data Intelligence Tools: A drafting group under the Property and Casualty Insurance (C) Committee identified key questions related to homeowners markets regarding affordability, availability, and changes in coverages and deductibles. State insurance regulators plan to issue a data call in early 2024 to gather this data to assist them in better assessing homeowners markets.

Mitigation Programs: State insurance regulators recognize the importance of state mitigation programs aimed at reducing risks for consumers and lowering homeowner premiums. They continue to collaborate with the Federal Emergency Management Agency (FEMA) through workshops to enhance relationships, discuss resilience, and prepare for disasters.

Cannabis Insurance and Surplus Line Model Act Revisions: The Cannabis Insurance (C) Working Group made updates to a white paper on cannabis insurance to address emerging issues affecting insurance affordability and availability in the cannabis insurance market. Revisions to the NAIC *Non-admitted Insurance Model Act* (#870) aimed to align it with federal regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) were adopted in December.

Market Regulation and Consumer Affairs (D) Committee

The Committee updated the *Market Regulation Handbook* and *Product Filing Review Handbook* to better assist state insurance regulators. The *Market Regulation Handbook* now offers guidance on conducting life and annuity examinations in compliance with the *Suitability in Annuity Transactions Model Regulation* (#275), while the *Product Filing Review Handbook* now includes best practices for regulatory review of predictive models.

Financial Condition (E) Committee

The Committee introduced various measures to improve solvency regulation, focusing on life insurers' increased risk from their investment portfolios due to new and innovative investment structures driven from historical low-interest-rate periods. Key changes included implementing a revised risk-based capital (RBC) factor on residual tranche investments and defining bonds in a principle-based manner to delineate riskier investments. The principle-based bond project also resulted in significant reporting revisions, which will provide enhanced transparency and granularity to regulators on insurance company investments. The Committee also updated manuals to emphasize disclosure requirements for affiliated investments and complex investments and adopted changes to the Liquidity Stress Testing Framework (LST Framework) to evaluate risks arising from interest rate increases.

Financial Regulation Standards and Accreditation (F) Committee

The Committee finalized a recommendation to include in the accreditation standards the 2020 revisions in the *Insurance Holding Company System Regulatory Act* (#440) and *Insurance Holding Company System Model Regulation* (#450), which implement a group capital calculation (GCC) and liquidity stress testing (LST). This recommendation is effective for accreditation on Jan. 1, 2026.

In 2023, 11 states underwent full accreditation reviews and were granted five-year accreditation status, respectively.

International Insurance Relations (G) Committee

The Committee continued progress on key international projects, provided leadership on emerging issues, and actively engaged with various organizations, including supporting the NAIC's hosting of the International Association of Insurance Supervisors' (IAIS) 2023 committee meetings and Global Seminar. In addition, a variety of international cooperation activities took place, including more than two dozen bilateral meetings with counterparts from around the globe, participation in a variety of conferences and training events, and conducting the NAIC's International Fellows Program virtually in the spring and in person in the fall.

Innovation, Cybersecurity, and Technology (H) Committee

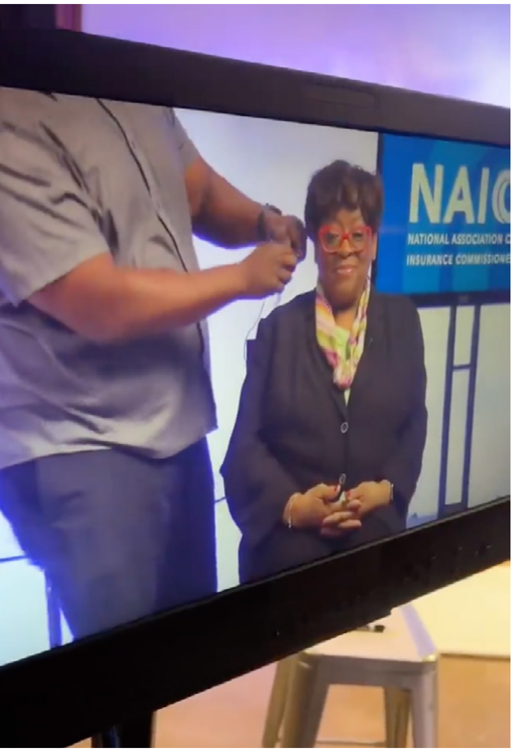
The Committee has led the NAIC's efforts to respond to the rapidly changing technology landscape within the insurance sector.

After a year of drafting work and building on the foundational work undertaken in the preceding years, the NAIC adopted the *Model Bulletin on the Use of Algorithms, Predictive Models, and Artificial Intelligence (AI) Systems by Insurers* at the 2023 Fall National Meeting. The bulletin reminds insurance carriers that decisions affecting consumers that are made or supported by advanced analytical and computational technologies, including AI, must comply with all applicable insurance laws and regulations, including unfair trade practices. The bulletin also sets forth the Department of Insurance's (DOI) expectations of how insurers should govern the use of such technologies by or on behalf of the insurer to make or support such decisions.

Working Groups under the Committee have made substantial progress to advance regulatory resources to support state insurance regulators engaging in cybersecurity and regulatory modernization initiatives. *The Cybersecurity Event Response Plan (CERP)* and *E-Commerce Modernization Guide* will be important resources for regulators to leverage, with adoption anticipated in 2024.

The Committee and its working groups also are leading efforts to monitor and consider responses to federal and international initiatives on innovation, cybersecurity, or technology-related subjects.

Consumer Outreach



Communications

In 2023, we continued our efforts to educate consumers about state insurance departments and insurance products.

Notable activities:

Two satellite media tours

Five episodes of "The Regulators" podcast

16 Consumer Insights

Added Instagram to our social media channels

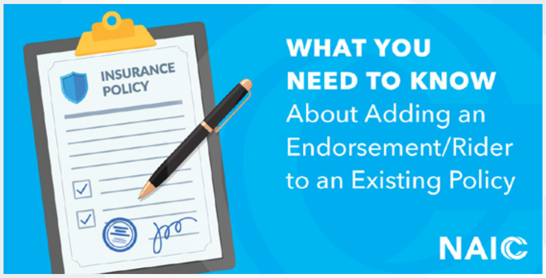
Fielded 400 media requests

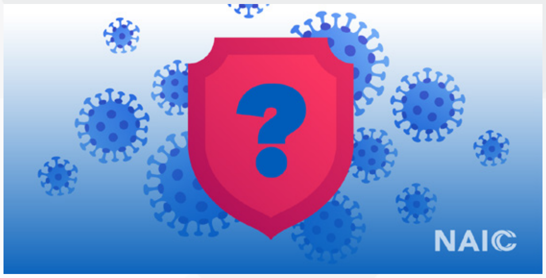
Added Google translation feature to our website

Gordon Ito
Hawaii Insurance Commissioner

Assisted the Hawaii Insurance Division in catastrophe recovery communications messaging

Provided photography and media support for three national meetings, Insurance Summit, International Insurance Forum, and 2023 International Association of Insurance Supervisors (IAIS) Global Seminar



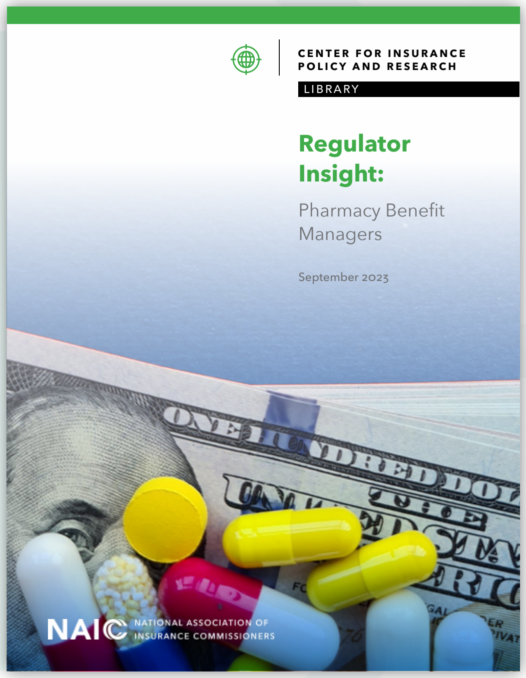


Center for Insurance Policy and Research Highlights

In 2023 the Center for Insurance Policy and Research (CIPR) continued to deliver on and enhance its core research agenda and activities, as well as make significant strides on recently launched initiatives and debut several other innovative efforts.

Core research work focused on:

- Understanding and assessing insurer cybersecurity risk and loss events
- Measuring and addressing through consumer messaging the earthquake protection gap in the Central US
- Investigating the factors influencing consumer decision-making in relation to long-term care insurance (LTCI) reduced benefit options (RBOs), including the efficacy of regulatory communication guidance
- Addressing issues around access to in-network health care



CIPR helped raise awareness of important regulatory issues by:

- Cohosting three "Back to Basics" webinars with the Griffith Foundation, which were attended by nearly 1,000 industry participants
- Maintaining and developing more than 130 insurance topics, which received nearly 750,000 views
- Fielding an average of 60 monthly research library requests; additionally, there were 91,000 visits to the research library web page and holdings

The CIPR's Catastrophe Modeling Center of Excellence (COE) celebrated its one-year anniversary in 2023. It also made significant progress on its three pillars of activity—vendor models, education and tools, and applied research—through a number of efforts, including:

- Development and in-person launch of a Catastrophe Modeling 101 course, which is now available as an online course to all state insurance regulators
- Colorado wildfire probabilistic risk assessment for the Colorado Division of Insurance
- Southeast Zone technical training program on hurricane risk and resilience
- Memorandum of understanding with the Insurance Institute for Business & Home Safety (IBHS), a key property market resilience stakeholder

QR Code to CIPR Linktree

QR Code to CAT COE

Working with the Society of Actuaries (SOA) Research Institute, the CIPR released the joint research report, *Analysis of US Insurance Industry Climate Risk Financial Disclosures for Reporting Year 2021*. The CIPR also launched the next round of its work on infrastructure investments by insurers (supported by the Robert Wood Johnson Foundation [RWJF]), focused on the analysis of the financial performance of social impact investments made by insurers.

Additionally, the CIPR engaged with regulators and industry stakeholders through three national meeting events ("Health Impacts of Disasters," "AI Education Needs," and "Cybersecurity"), as well as nine sessions hosted at the Insurance Summit, which was attended by more than 1,300 participants and 660 unique regulator participants from nearly every department of insurance (DOI).

Finally, the Society of Insurance Research recognized the CIPR's work by awarding it the Smith and Mangum Distinguished Service Award for 2023.

In 2024, the CIPR will continue work on these research areas and initiatives, as well as on some of its newer innovations. This includes the successful establishment of its *Journal of Insurance Regulation* Journal Club and the hosting of its inaugural Regulatory Research Conference, with sessions focused on gauging insurer solvency, insurer operations and oversight, and household insurance decisions from leading regulatory researchers across the country. The CIPR looks forward to the continued evolution of these aspects and the new co-editorship of the *Journal of Insurance Regulation*.

Employee Experience

Key Diversity, Equity, and Inclusion Achievements

Held our Third Annual DE&I Conference, which had more than 500 attendees

Offered a DE&I educational class/ module to NAIC staff

Held nine NAICU Exchanges to increase awareness of DE&I issues

DIVERSITY EQUITY & INCLUSION

QR Code to DE&I Report

Key People Operations Achievements

Enhanced the hybrid approach to workplace experience in all three NAIC offices

Completed **Workday** implementation for **People Operations**, and **Workday** implementation is in process for the **Finance team**

Employee engagement survey: favorability rating increased from **77%** in 2022 to **82%** in 2023

Implemented a "shared space" approach for employees working in the Kansas City, MO, office

Held the **All-Hands On Deck** Employee Experience LIVE

Spotlight

Spotlight Employee Recognition Program continues to be successful

Focus for 2024:

- Continue strengthening employee engagement
- Leverage Workday to enhance performance management
- Implement job architecture initiative
- Continue expanding the recruiting pipeline
- Continue succession planning

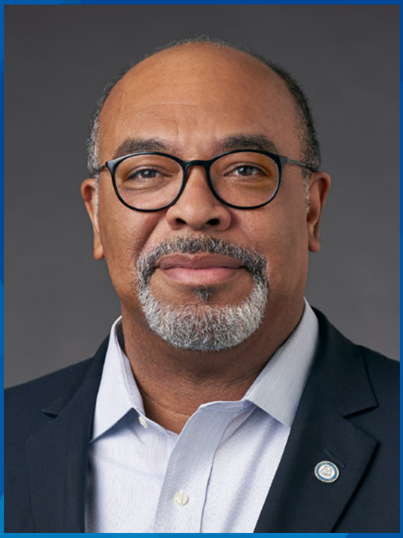
2024 Outlook: Executing on Our *State Connected* Strategic Plan and Being on the Lookout for Emerging Issues

In 2023, we continued to shape our future with the implementation of our new three-year *State Connected* strategic plan. *State Connected* is structured to build on the foundation created by our previous strategic plan, *State Ahead*. *State Connected* will provide a strong direction for the NAIC as the organization continues to support and meet the needs of its Members moving forward.

State insurance regulators are monitoring several emerging issues that could significantly impact the insurance marketplace over the next few years. The NAIC will continue supporting our Members in their efforts to monitor these issues and take appropriate actions.

2023 NAIC Officers

Chlora Lindley-Myers
NAIC President
Director, Missouri Department of Commerce and Insurance



Andrew N. Mais
NAIC President-Elect
Commissioner, Connecticut Insurance Department

Jon Godfread
NAIC Vice President
Commissioner, North Dakota Insurance Department

Scott A. White
NAIC Secretary-Treasurer
Commissioner, Virginia Bureau of Insurance

Financial Report

National Association of Insurance Commissioners

December 31, 2023

Contents

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis Of A Matter

As discussed in Note 1, National Association of Insurance Commissioners adopted the provisions of Accounting Standards Codification Topic 326, *Financial Instruments – Credit Losses*. Our opinion is not modified with respect to this matter.

RubinBrown LLP is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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 4, 2024

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

STATEMENT OF FINANCIAL POSITION

Assets

	December 31, 2023	December 31, 2022
Current Assets		
Cash and cash equivalents	**$ 16,200,039**	$ 28,148,325
Accounts receivable, net of allowance for credit losses of $48,514 in 2023 and $30,224 in 2022	**9,328,023**	5,691,434
Receivables due from affiliates	**2,514,656**	2,572,921
Construction reimbursement receivable	**11,581,933**	—
Prepaid expenses	**6,207,810**	6,094,732
Investments	**146,439,247**	130,730,869
Current portion of note receivable	**274,013**	274,013
Total Current Assets	**192,545,721**	173,512,294
Other Noncurrent Assets		
Note receivable	**1,370,069**	1,644,082
Property and equipment, net	**41,002,071**	18,067,092
Right of use assets - operating leases	**23,030,168**	5,679,611
Deferred pension asset	**5,776,330**	3,352,120
Total Other Noncurrent Assets	**71,178,638**	28,742,905
Total Assets	**$ 263,724,359**	$ 202,255,199

Liabilities And Net Assets

	2023	2022
Current Liabilities		
Accounts payable	**$ 7,975,993**	$ 2,314,180
Accrued expenses and other current liabilities	**17,571,927**	14,972,126
Current portion of operating lease liabilities	**2,327,219**	4,981,756
Deferred revenue	**7,249,493**	7,474,266
Total Current Liabilities	**35,124,632**	29,742,328
Noncurrent Liabilities		
Long-term portion of operating lease liabilities	**34,710,749**	3,590,584
Total Noncurrent Liabilities	**34,710,749**	3,590,584
Net Assets		
Without donor restrictions:		
Allocated	**190,996,701**	166,423,468
Unallocated	**2,892,277**	2,498,819
Total Net Assets	**193,888,978**	168,922,287
Total Liabilities And Net Assets	**$ 263,724,359**	$ 202,255,199

See the notes to financial statements.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

STATEMENT OF ACTIVITIES

	December 31, 2023	2022
Revenues		
Member assessments	**$ 2,125,696**	$ 2,119,591
Database fees	**40,955,141**	34,396,390
Publications and insurance data products	**18,397,511**	17,340,682
Valuation services	**33,620,467**	31,188,068
Transaction filing fees	**21,924,252**	18,106,803
Other revenue	**77,957**	225,021
National meetings, NAIC events and interim meetings	**2,605,556**	2,169,439
Education and training	**398,826**	409,025
Administrative services and license fees	**30,677,213**	28,355,233
Total Revenues	**150,782,619**	134,310,252
Expenses		
Salaries	**65,894,244**	60,816,057
Temporary personnel	**870,817**	871,905
Employee benefits and development	**17,922,419**	17,235,180
Professional services	**16,477,353**	15,730,900
Computer services	**8,499,674**	8,201,618
Travel	**5,571,392**	4,646,708
Occupancy and rental	**4,694,787**	4,780,465
Computer hardware and software maintenance	**8,493,707**	7,722,254
Depreciation and amortization	**3,618,383**	4,006,303
Insurance	**505,158**	479,352
Supplies and printing	**1,965,513**	1,537,709
National and major meetings	**6,423,342**	4,571,097
Education and training	**183,361**	73,845
Grant and zone	**2,118,802**	2,138,795
Other expenses	**1,285,134**	1,403,555
Total Expenses	**144,524,086**	134,215,743
Change In Net Assets Before Net Investment Return (Loss) And Pension Adjustment	**6,258,533**	94,509
Net Investment Return (Loss)	**17,100,356**	(16,812,332)
Pension Adjustment	**1,607,802**	192,874
Change In Net Assets Without Donor Restrictions	**24,966,691**	(16,524,949)
Net Assets - Beginning Of Year	**168,922,287**	185,447,236
Net Assets - End Of Year	**$ 193,888,978**	$ 168,922,287

See the notes to financial statements.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

STATEMENT OF CASH FLOWS

	For The Years Ended December 31, 2023	2022
Cash Flows From Operating Activities		
Changes in net assets without donor restrictions	**$ 24,966,691**	$ (16,524,949)
Adjustments to reconcile changes in net assets without donor restrictions to net cash from operating activities:		
Depreciation and amortization	**3,618,383**	4,006,303
Net realized and unrealized (gains) and losses on investments	**(11,891,215)**	20,198,927
Changes in assets and liabilities:		
Accounts receivable, net	**(3,636,589)**	6,184,337
Receivables due from affiliates	**58,265**	(317,131)
Prepaid expenses	**(113,078)**	1,003,721
Accounts payable	**(2,525,137)**	(1,979,410)
Accrued expenses and other current liabilities	**2,599,801**	148,180
Right of use assets and lease liabilities	**(466,862)**	(1,860,593)
Deferred revenue	**(224,773)**	593,840
Deferred pension asset	**(2,424,210)**	499,074
Net Cash Provided By Operating Activities	**9,961,276**	11,952,299
Cash Flows From Investing Activities		
Payments received on note receivable	**274,013**	274,013
Purchase of property and equipment	**(18,366,412)**	(8,510,677)
Purchase of investments	**(35,004,198)**	(25,556,694)
Proceeds from sale of investments	**31,187,035**	21,169,865
Net Cash Used In Investing Activities	**(21,909,562)**	(12,623,493)
Net Decrease In Cash And Cash Equivalents	**(11,948,286)**	(671,194)
Cash And Cash Equivalents - Beginning Of Year	**28,148,325**	28,819,519
Cash And Cash Equivalents - End Of Year	**$ 16,200,039**	$ 28,148,325
Supplemental Disclosure Of Cash Flow Information		
Purchases of property and equipment included in accounts payable	**$ 8,186,950**	$ 1,442,630
ROU assets obtained in exchange for new operating lease obligations	**20,152,902**	—

See the notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 And 2022

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, 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, 2023 and 2022, 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 permanently by the NAIC. At December 31, 2023 and 2022, 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, 2023 and 2022, cash equivalents consisted of money market funds and discount notes. 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

As of January 1, 2023, the Company adopted Accounting Standards Codification (ASC) Topic 326, *Financial Instruments - Credit Losses*, using a modified retrospective approach. The standard replaces the previous incurred loss model and requires entities to record an estimate of expected losses on financial assets for the remaining estimated life of the asset. This estimate includes consideration of historical experience, current conditions, and reasonable and supportable forecasts. The standard applies to the NAIC's accounts receivable. The adoption did not have a material impact on these financial statements.

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 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 represents tenant construction allowances that have been billed to two landlords in connection with renovation of office space. Receivables are stated at the amounts invoiced for what is due to NAIC pursuant to the terms of the lease agreements.

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.

The cost of internally developed software is expensed until the technological feasibility of the software has been established. Thereafter, all software development costs are capitalized until such time as the product is available for general release to customers. The development costs of enhancements that extend the life or improve the marketability of the original product are capitalized. The establishment of technological feasibility and the ongoing assessment of recoverability of capitalized software development costs require considerable judgment by management with respect to certain external factors, including, but not limited to, anticipated future revenues, estimated economic life, and changes in software and hardware technologies. The cost of capitalized software will be amortized on the straight-line method over the products' estimated useful lives when placed in service.

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

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.

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.

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.

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 NAIC operating reserve is based on a liquid reserve, defined as total net assets, less net property and equipment, as a percentage of the future year's budgeted operating expenses. On August 10, 2022, the NAIC adopted an operating reserve policy based on a report from the independent consulting firm hired to review the NAIC's operating reserves. The recommendation was based on analysis of NAIC's working capital and strategic needs as well as current and future identified risks. The NAIC's operating reserve is currently established with a minimum target reserve of $179.8 million. As of December 31, 2023 and 2022, 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, 2023 and 2022, member assessment revenue was $2,125,696 and $2,119,591, 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, 2023 and 2022, database fee revenue was $40,955,141 and $34,396,390, respectively.

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, 2023 and 2022, publications and insurance data products revenue was $18,397,511 and $17,340,682, 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, 2023 and 2022, valuation services and transactions filing fees revenue was $55,544,719 and $49,294,871, 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, 2023 and 2022, administrative services and license fee revenue was $30,677,213 and $28,355,233, 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, 2023 and 2022, were $7,249,493 and $7,474,266, respectively. As of January 1, 2022, deferred revenues were $6,880,426. Associated net accounts receivable for revenue from contracts as of December 31, 2023 and 2022, was $11,842,679 and $8,264,355, respectively. As of January 1, 2022, accounts receivable for revenue from contracts was $14,131,561. There were no changes in revenue streams that would affect economic seasonality of the statement of financial position.

The NAIC did not have any impairment or credit losses on any receivables arising from contracts with customers. There are also 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.

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 is no liability for uncertain tax positions recorded at December 31, 2023 or 2022.

Reclassifications

Certain 2022 amounts have been reclassified, where appropriate, to conform to the presentation used in the 2023 financial statements.

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, 2023 and 2022, consisted of the following:

	2023		2022	
	Cost	**Fair Value**	Cost	Fair Value
Fixed-income mutual funds	**$ 63,124,617**	**$ 60,651,575**	$ 53,925,774	$ 49,809,213
Foreign fixed-income funds	**3,212,695**	**2,930,967**	5,924,215	4,989,941
Domestic equity mutual funds	**19,667,485**	**22,943,215**	16,652,251	16,117,010
Common stock:				
Industrials	**2,211,384**	**3,483,215**	1,740,425	2,473,534
Consumer discretionary	**1,925,541**	**3,520,842**	2,638,759	3,920,406
Financials	**1,912,722**	**3,766,631**	2,863,210	4,574,171
Information technology	**3,654,847**	**7,327,601**	6,262,315	7,576,179
Other industries	**3,901,582**	**4,938,663**	3,148,250	4,742,331
Foreign equity mutual funds	**19,705,284**	**21,149,441**	23,410,220	21,964,205
Alternative equity funds	**11,800,000**	**15,727,097**	11,800,000	14,563,879
	$ 131,116,157	**$ 146,439,247**	$ 128,365,419	$ 130,730,869

Total net investment return (loss) comprises the following:

		2023		2022
Interest and dividend income	**$**	**5,477,320**	$	3,695,493
Net realized gains (losses)		**(1,069,046)**		2,528,794
Net unrealized gains (losses)		**12,960,261**		(22,727,721)
Investment manager fees		**(268,179)**		(308,898)
	$	**17,100,356**	$	(16,812,332)

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.

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.

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, 2023			
	Total Fair Value	**Level 1**	**Level 2**	**Level 3**
Fixed-income mutual funds	$ 60,651,575	$ 60,651,575	$ —	$ —
Foreign fixed-income 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	—	—
Total	130,712,150	$ 130,712,150	$ —	$ —
Investments measured at net asset value:				
Alternative equity funds	15,727,097			
Total Investments	$ 146,439,247			

	December 31, 2022			
	Total Fair Value	**Level 1**	**Level 2**	**Level 3**
Fixed-income mutual funds	$ 49,809,213	$ 49,809,213	$ —	$ —
Foreign fixed-income funds	4,989,941	4,989,941	—	—
Domestic equity mutual funds	16,117,010	16,117,010	—	—
Common stock:				
Industrials	2,473,534	2,473,534	—	—
Consumer discretionary	3,920,406	3,920,406	—	—
Financials	4,574,171	4,574,171	—	—
Information technology	7,576,179	7,576,179	—	—
Other industries	4,742,331	4,742,331	—	—
Foreign equity funds	21,964,205	21,964,205	—	—
Total	116,166,990	$ 116,166,990	$ —	$ —
Investments measured at net asset value:				
Alternative equity funds	14,563,879			
Total Investments	$ 130,730,869			

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, 2023 and 2022:

	Fair Value At December 31		**Unfunded**	**Redemption**	**Redemption**
	2023	2022	**Commitment**	**Frequency**	**Notice Period**
Magnitude International (A)	**$ 8,391,037**	$ 7,701,610	$ —	Quarterly	65 days
Chatham Asset High Yield Offshore Fund, Ltd. (B)	**2,358,426**	2,180,220	—	Quarterly	45 days
Davidson Kemper (C)	**1,793,030**	1,692,930	—	Quarterly	65 days
Silver Point Capital Offshore Fund, Ltd. (D)	**2,121,233**	1,989,046	—	Annually	90 days
Survetta (E)	—	1,000,073	—	Quarterly	45 days
TCIM Offshore Fund Ltd. (F)	**1,063,371**	—	—	Monthly	30 days
Total	**$ 15,727,097**	$ 14,563,879			

(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 employs a generalist long/short equity strategy focused on investments in North America and developed countries in Europe. This fund was liquidated in 2023.

(F) 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, 2023 and 2022 consisted of the following:

	2023	2022
Furniture and equipment	**$ 4,504,727**	$ 6,138,765
Computer and related equipment	**11,278,982**	11,245,094
Computer software	**39,079,126**	33,040,757
Software upgrades in progress	**13,836,648**	8,309,485
Leasehold improvements	**24,678,557**	16,883,970
	93,378,040	75,618,071
Less: Accumulated depreciation and amortization	**52,375,969**	57,550,979
	$ 41,002,071	$ 18,067,092

Software upgrades in progress include ongoing technical projects. The first project includes the modernization of the NAIC's System for Electronic Rate and Form 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. This project in total is expected to cost up to $25 million and will be completed over a five-year period. Estimated completion is expected in 2026.

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 2024.

5. Leases

The NAIC has an operating lease for office space and parking garage space in Kansas City, Missouri which expires 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.

The NAIC has an operating lease for office space in Washington, DC which expires 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.

Lease expense for the years ended December 31, 2023 and 2022 is as follows:

Operating Lease Costs	Classification	2023	2022
Operating lease costs	*Occupancy*	**$ 3,426,324**	$ 3,348,182

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

	2023	2022
Cash Flow Information:		
Cash paid for operating leases included in operating activities	**$ 3,853,898**	$ 4,988,352
Other Information:		
Weighted-average remaining term - operating leases	**11.57**	2.63
Weighted-average discount rate - operating leases	**3.36%**	1.04%

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
2024	$ 3,388,635
2025	3,368,249
2026	4,080,747
2027	3,847,667
2028	3,488,832
Thereafter	27,392,747
Total Minimum Lease Payments	45,566,877
Less: Amount of lease payments representing interest	8,528,909
Present value of future minimum lease payments	37,037,968
Less: Current portion	2,327,219
Long-Term Lease Liabilities	$ 34,710,749

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.

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

	2023	2022
Projected benefit obligation	**$ (34,524,211)**	$ (37,446,263)
Fair value of plan assets	**40,300,541**	40,798,383
Funded status of plan	**$ 5,776,330**	$ 3,352,120
Accrued benefit asset recognized in the statements of financial position	**$ 5,776,330**	$ 3,352,120
Accumulated benefit obligation	**$ 34,524,211**	$ 37,446,263
Plan settlements	**$ (2,001,666)**	$ (4,444,062)
Benefits paid	**$ (987,670)**	$ (1,023,006)
Interest cost	**$ 1,691,948**	$ 1,177,893
Return on plan assets	**(1,560,069)**	(1,594,664)
Amortization of net loss	**(915,888)**	984,227
Settlement loss recognized	**(32,399)**	124,492
Net pension (benefit) cost	**$ (816,408)**	$ 691,948

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

	2023	2022
Discount rate	**5.09%**	5.39%
Salary rate	**N/A**	N/A
Measurement date	**December 31, 2023**	December 31, 2022

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

	2023	2022
Discount rate	**5.39%**	2.62%
Salary rate	**N/A**	N/A
Expected return on plan assets	**4.25%**	3.25%
Measurement date	**December 31, 2023**	December 31, 2022

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, 2023 and 2022 (the measurement date of the plan assets):

	2023	2022
Equity securities	**0%**	15%
Debt securities	**100%**	85%

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 benefits expected to be paid to participants over the next 10 years, as of December 31, 2023, are as follows:

Year	**Amount**
2024	$ 4,076,199
2025	3,360,654
2026	2,936,014
2027	2,723,900
2028	2,695,945
2029-2033	11,092,504
	$ 26,885,216

The annual amount is actuarially calculated by the NAIC's independent consultant firm and represents the amount necessary to fully fund the actuarial accrued liability and normal cost of the plan.

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 2023 and 2022. The pension expense related to Plan B for the years ended December 31, 2023 and 2022, was $5,040,621 and $4,203,746, 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.

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

	2023	2022
Administrative services provided to NIPR	**$ 3,018,756**	$ 2,681,116
License fee	**$ 27,518,455**	$ 25,549,116
Accounts receivable due from NIPR	**$ 2,453,974**	$ 2,521,608

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 every $25,000 of net revenue in excess of expenses. This fee was 7.5% for the years ended December 31, 2023 and 2022.

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, 2023 and 2022.

Principal payments due to the NAIC as of December 31, 2023, consist of the following:

Year	**Amount**
2024	$ 274,013
2025	274,013
2026	274,013
2027	274,013
2028	274,013
Thereafter	274,017
	$ 1,644,082

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

	2023	2022
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	**$ 60,682**	$ 51,312
Note payable to the NAIC, net of allowance of $712,733 recorded by the NAIC	**$ 1,644,082**	$ 1,918,095

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.

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.

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, 2023 and 2022, the following financial assets are available to meet general operating expenditures of the subsequent fiscal year:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	**$ 16,200,039**	$ 28,148,325
Accounts receivable, net	**9,328,023**	5,691,434
Construction reimbursement receivable	**11,581,933**	—
Investments	**146,439,247**	130,730,869
Current portion of operating note receivable	**274,013**	274,013
Total Financial Assets	**$ 183,823,255**	$ 164,844,641

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.

11. Statements Of Functional Expenses

Expenses for the years ending December 31, 2023 and 2022 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, 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

The following table provides both functional and natural classifications for the year ending December 31, 2022:

	Program Services	Management And General	Total Expenses
Salaries	$ 56,485,450	$ 4,330,607	$ 60,816,057
Temporary personnel	596,711	275,194	871,905
Employee benefits and development	15,924,908	1,310,272	17,235,180
Professional services	14,869,274	861,626	15,730,900
Computer services	7,804,122	397,496	8,201,618
Travel	4,421,799	224,909	4,646,708
Occupancy and rental	4,401,355	379,110	4,780,465
Computer hardware and software maintenance	7,164,398	557,856	7,722,254
Depreciation and amortization	4,006,303	—	4,006,303
Insurance	479,352	—	479,352
Supplies and printing	611,204	926,505	1,537,709
National and major meetings	4,438,937	132,160	4,571,097
Education and training	73,845	—	73,845
Grant and zone	2,138,795	—	2,138,795
Other expenses	851,260	552,295	1,403,555
	$ 124,267,713	$ 9,948,030	$ 134,215,743

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