

A decorative background graphic on the left side of the slide features a grid of blue and white squares. Overlaid on this grid is a faint, stylized silhouette of a person's head and shoulders, facing right. The overall aesthetic is professional and modern.

Life RBC (E) Working Group

C3 Alignment Survey Results

2/10/26

Background and Limitations of Survey

Background

- In support of the recommendations set forth by the American Academy of Actuaries Life Practice Council's C-3 Subcommittee (the Subcommittee) for C-3 Phase 1 and Phase 2 (C3P1 and C3P2) harmonization, a field test is being proposed by the Subcommittee.
- The C-3 methodology field test is tentatively going to be scheduled for Summer/Fall 2026. It is anticipated that the larger focus will be on C3P1, however, there is a possibility that some changes could impact C3P2 to homogenize the methodologies, which would require some focus on C3P2.
- A survey was sent out on 12/15/25 to gather information on the field test from the industry.

Limitations

- The survey was filled out once by insurance groups, sometimes for multiple legal entities. This makes it challenging to understand the level of participation by product at the legal entity level.
- In some cases the survey was filled out multiple times by different individuals at an insurance group with different answers, so some judgement was applied in compiling the results.

Q1: Does your Company plan on Participating in the Field Test?

	Legal Entities	Groups
YES	56	32
NO	16	5

Q2: Is Summer/Fall of 2026 a feasible timeframe for your company to participate in the field test?

		Legal Entities
YES		54
NO		2

Q3: What product lines do you plan to include in the testing?

Products	Products Included by Group
Deferred Income Annuities (DIA)	26
Flexible Premium Deferred Annuities (FPDA)	28
Multi-Year Guarantee Annuities (MYGA)	28
Registered Index-Linked Deferred Annuities (RILA)	10
Bank-Owned Life Insurance/Company Owned Life Insurance (BOLI/COLI)	8
Single Premium Deferred Annuities (SPDA)	28
Fixed Indexed Annuities (FIA)	17
Funding Agreements	17
Guaranteed Investment Contracts (GICs)/Synthetic GICs	9
Income Annuities/Single Premium Immediate Annuities (SPIA)	26
Indexed Linked Variable Annuities (ILVA)	10
Pension Risk Transfer (PRT)	12
Retail Life	8
Stable Value Contracts	6
Structured Settlements Contracts (SSC)	14
Variable Annuities	13
Other (please specify)	2

Q4: Can you provide the C-3 results under the surplus-based metric for the products currently subject to C3P1 testing?

		Legal Entities
YES		51
NO		5

Q5: Are you able to calculate the asset-based metric for the products currently subject to C3P1 testing?

Legal Entities	
YES	45
NO	10
N/A	1

Q6: Can you provide the impact of different default assumptions apart from the baseline CTE70?

Legal Entities	
YES	44
NO	11
N/A	1

Q7: If you can provide the impact of different default assumptions, can you provide data that would support the estimate of a potential default cost credit on C3P1, e.g., asset balances backing the liabilities being tested such as bonds by rating, commercial mortgages?

	Legal Entities
YES	40
NO	12
N/A	4

Q8: Are you able to test the impact of the stochastic equity proposal?

	Legal Entities
YES	26
NO	29
N/A	1

Q9: How many minimum scenarios are you able to run under an asset-based metric using either CFT or PBR models??

	Legal Entities
10,000	1
1,000	19
500	3
200	21
Other	11
N/A	1

In the commentary, other typically meant that the number of scenarios would vary by product line with more for Variable Annuities and less for Fixed Annuities and Payouts.

Q10: Are you modeling any hedging?

	Model Segments
Explicit Hedging	15
Implicit Hedging	17
No Hedging Being Modeled	6
No Hedging Exists on Products	15
Simplified Hedging Approach	15
Other	13

Q11: How many capital calculation iterations (maximum) would you be able to provide?

Legal Entities	
1-2	6
3-5	25
6-8	21
9-11	3
N/A	1

Q12: If your current C-3 is reported using scenarios from a proprietary generator, are you able to provide a new baseline based on the prescribed scenarios that are posted by the NAIC?

	Legal Entities
YES	29
NO	11
N/A	16