



Generator of Economic Scenarios (GOES) (E/A) Subgroup

Agenda

- 1. GOES Model Governance Framework Refresher**
- 2. NAIC Staff Proposed Updates to GOES Model Governance Framework**



GOES Model Governance Framework Refresher

Background

The GOES Model Governance Framework is designed to mitigate risk by providing governance and controls for models producing scenarios used in calculations of life and annuity Statutory reserves according to the Valuation Manual and capital under the NAIC RBC requirements.

Background

**Governance
Roles and Sign-
off Protocols**

**Stakeholder
Responsibilities**

**Models Subject
to Governance**

**Model Selection
and Validation
Process**

**Model Updates
and Review**

**Process for
Handling Model
Findings**

**Model Change
Management**

**Documentation
Requirements**

Access Controls

Governance Roles and Responsibilities

Model Developer

Conning's GEMS® Software Development Team

- Develops GEMS® software that produces GOES scenarios and ancillary tools
- Incorporates change requests from Model Steward

Model Owner

Conning's Professional Services Team

- Owns model and production environment and ensures that results are available monthly
- Communicates requirements to Model Developer

Model Steward

GOES (E/A) Subgroup with NAIC Staff Support

- Manages GOES model development and ensures model governance is followed
- Requests changes that meet regulatory objectives

Model Oversight Group

GOES (E/A) Subgroup

- Holds oversight responsibilities
- Reports to other groups NAIC Committee Structure

Model User

US Insurance Organizations, State Insurance Regulators

- Reports issues and requests model enhancements
- When changes are made to GOES, Model Users conduct field testing

Model Updates and Review

Annual Model Review

Software Update

Off-Cycle Update

5-Year Model Recalibration Cycle

GOES is Effective

**New Calibration
Shared**

**New Calibration
Effective**

1/2026

Recalibration Begins

YE 2029

1Q 2030

**Adoption of New
Calibration**

2Q - 3Q 2030

1/2031

Models Subject to Governance & Change Management

Models Subject to GOES Model Governance Framework

Basic Data Set

SERT

Scenario Reduction Tool

Conning Scenario Statistics

NAIC Scenario Statistics

Governance information on the models is tracked in the GOES Model Inventory File

Change Management

VII. Model change management is the process to ensure that model changes are controlled and accurate. Three tools will be used to facilitate the change management process: 1) a Model Change Request Template, for submitting change requests; 2) a Model Change Request Inventory, to keep track of all change requests and their status; and 3) a Model Change Documentation Template, to ensure that changes are documented and made in a controlled manner.

NAIC Staff Proposed Updates to GOES Model Governance Framework

Model Inventory and Model Change Templates

Model Inventory File

Contains details such as:

- Model Description
- Date of Last Model Update
- Model Owner
- Link to Model Documentation
- Risk Rating

Model Identification, Status, and Documentation				
Model Inventory ID	Model Name	Model Description	Product Line(s) Using Model Output	M
GOES_001	Basic Data Set: Treasury Model Equity Model Corporate Bond Model	The Basic Data Set is the standard set of GEMS® scenario files (“GEMS Scenario Files”), customized to reflect any modifications adopted by state regulators to produce 10,000 real-world interest rate, equity, and bond fund return scenarios for use in calculations of life and annuity Statutory reserves according to the Valuation Manual (e.g., VM-20, VM-21) and capital under the NAIC RBC requirements (e.g., C3 Phase 1, C3 Phase 2).	Products under the scope of VM-20, VM-21, and VM-22 for reserves and C3 Phase I and II for capital	Ac
GOES_002	SERT Tool	This tool generates scenarios for the Stochastic	Products under the scope	

Model Change Templates

Contains details such as:

- Technical details of model changes
- Summary of impact on model outputs
- Summary of model testing results

Change name	Change Type (Pick response from dropdown list)	Change description
GOES Model Governance Software Update - SERT Scenario Production	Cosmetic Update	Update to GEMS® So streamline stochastic

Maintenance of the Model Governance Framework

Section VIII.H (Maintenance of the Model Governance Framework) has been updated to clarify the timing of annual exposure of the governance framework, the minimum exposure period, and the timing of when changes go into effect after adoption.

H. Maintenance of the Governance Framework

The GOES Model Governance Framework will be exposed for no fewer than 30 days for routine comments and revisions at least annually during the second quarter. The requirement for routine annual exposures does not preclude the ability to hold off-cycle exposures and revisions. Each new version of the GOES Model Governance Framework that is adopted will be labeled with a version number. Versions will be made available on the same website as scenarios. Changes to the GOES Model Governance Framework go into effect immediately once adopted by the Life Actuarial (A) Task Force and the Life RBC (E) Working Group.

Timing of Changes Resulting from Annual Review

Section VI.B (Annual Model Review and Update (If Necessary)) currently defines a fairly tight turnaround time between when proposed parameter changes resulting from an annual review. This differs from the 5-year calibration review where changes proposed initially in 1Q go into effect for the next year. **We are seeking feedback on if the timing of changes from the annual review needs to be reconsidered.**

