

Draft: 8/4/21

Life Risk-Based Capital (E) Working Group
Virtual Meeting (*in lieu of meeting at the 2021 Summer National Meeting*)
July 21, 2021

The Life Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force met July 21, 2021. The following Working Group members participated: Philip Barlow, Chair (DC); Jennifer Li (AL); Thomas Reedy (CA); Wanchin Chou (CT); Sean Collins (FL); Mike Yanacheak and Carrie Mears (IA); Vincent Tsang (IL); John Robinson (MN); William Leung (MO); Rhonda Ahrens (NE); Seong-min Eom (NJ); Bill Carmello (NY); Andrew Schallhorn (OK); Mike Boerner and Rachel Hemphill (TX); and Tomasz Serbinowski (UT).

1. Adopted its June 11, June 3 and June 4, May 27, May 20, April 29, April 22, April 15, April 6, March 30, and March 12 Minutes

Mr. Chou made a motion, seconded by Ms. Mears, to adopt the Working Group's June 11 (Attachment Four-A), June 3 and June 4 (Attachment Four-B), May 27 (Attachment Four-C), May 20 (Attachment Four-D), April 29 (Attachment Four-E), April 22 (Attachment Four-F), April 15 (Attachment Four-G), April 6 (Attachment Four-H), March 30 (Attachment Four-I), and March 12 (*see NAIC Proceedings – Spring 2021, Capital Adequacy (E) Task Force, Attachment Three*) minutes. The motion passed unanimously.

2. Adopted the 2021 Life and Fraternal RBC Newsletter

Mr. Leung made a motion, seconded by Mr. Boerner, to adopt the Life and Fraternal Risk-Based Capital (RBC) Newsletter (Attachment Four-J). The motion passed unanimously.

3. Discussed the 2020 Life and Fraternal Statistics

Mr. Barlow said the Working Group has previously discussed taking a more in-depth look at the statistics (Attachment Four-K) to determine whether the right statistics are being captured and how the Working Group can make better use of them. He said some members of the Working Group had previously volunteered to work on this. Dave Fleming (NAIC) said he could share some of the in-depth review put together with those members interested. Mr. Tsang volunteered to take the lead on this. Mr. Chou and Mr. Boerner reiterated their willingness to work on this.

4. Adopted Revisions to its Working Agenda

Mr. Fleming explained that the changes were to delete items that have been addressed by the Working Group and add one item for guidance on the impact of the bond factor changes and one item to address the review of the RBC statistics. Mr. Barlow said the first new item is to provide some information, mainly to the financial regulators, on the potential impact of the bond factor changes that may, for example, cause some companies that would not otherwise do so to trigger a trend test. Mr. Fleming said this is an item directed to NAIC staff to draft, but it will need to be approved by the Working Group. Mr. Chou made a motion, seconded by Mr. Leung, to adopt the Working Group's working agenda (Attachment Four-L). The motion passed unanimously.

5. Discussed Other Matters

Mr. Barlow reminded the Working Group of the work being done on the new economic scenario generator (ESG). He said most of this discussion will be through the Life Actuarial (A) Task Force; and while this will affect both reserves and capital and there is a large overlap with the Working Group in both membership and interested parties, those interested in the progress on ESGs should be aware of that.

Having no further business, the Life Risk-Based Capital (E) Working Group adjourned.

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