NAIC National Association of Insurance Commissioners

Date: 11/5/20

LIFE RISK-BASED CAPITAL (E) WORKING GROUP
Tuesday, November 10, 2020
12:00 p.m. ET / 11:00 a.m. CT / 10:00 a.m. MT / 9:00 a.m. PT

ROLL CALL

Philip Barlow, Chair	District of Columbia	John Robinson	Minnesota
Steve Ostlund	Alabama	William Leung	Missouri
Perry Kupferman	California	Rhonda Ahrens	Nebraska
Deborah Batista/Eric Unger	Colorado	Seong-min Eom	New Jersey
Wanchin Chou	Connecticut	Bill Carmello	New York
Sean Collins	Florida	Andy Schallhorn	Oklahoma
Vincent Tsang	Illinois	Mike Boerner	Texas
		Tomasz Serbinowski	Utah

NAIC Support Staff: Dave Fleming

AGENDA

1. Consider Adoption of its Oct. 9, Sep. 25, Sep. 11, Aug. 21, and Summer National Meeting Minutes—*Philip Barlow (DC)* — Attachments 1-5
2. Hear an Update on Economic Scenario Generators—*Pat Allison (NAIC)*
3. Discuss 2018 Tax Reform Changes and Possible Further Work—*Philip Barlow (DC)*
4. Discuss Possible Modifications to Risk-Based Capital Statistics—*Philip Barlow (DC)* — Attachment 6
5. Discuss Working Agenda—*Philip Barlow (DC)* — Attachment 7
6. Discuss Any Other Matters Brought Before the Working Group—*Philip Barlow (DC)*
7. Adjournment

W:\National Meetings\2020\Fall\TF\CapAdequacy\Life RBC\Agenda LRBC 11-10-20.docx

This page intentionally left blank.

Draft: 11/4/20

Life Risk-Based Capital (E) Working Group
Conference Call
October 9, 2020

The Life Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force met via conference call Oct.9, 2020. The following Working Group members participated: Philip Barlow, Chair (DC); Steve Ostlund (AL); Perry Kupferman (CA); Deborah Batista (CO); Wanchin Chou (CT); Vincent Tsang (IL); John Robinson (MN); William Leung (MO); Rhonda Ahrens (NE); Seong-min Eom (NJ); Bill Carmello (NY); Andrew Schallhorn (OK); Mike Boerner (TX); and Tomasz Serbinowski (UT).

1. Adopted the Mortgage Reporting Guidance Document and Instructional Change

Mr. Barlow said there were two comment letters received, one from the Illinois Department of Insurance (Attachment __) and one from the American Council of Life Insurers (ACLI) and Mortgage Bankers Association (MBA) (Attachment ___). Mr. Tsang summarized his comment letter and suggested that 2020 net operating income (NOI) information be reported in the risk-based capital (RBC) report to identify if it is higher, lower or indifferent from the proposed 85% of the 2019 NOI. This will allow regulators to compare and analyze the 2020 NOI to the 2019 NOI should the industry be impacted in the future by additional waves of the pandemic. Mr. Tsang said he supports the industry request to replace the 2020 NOI by 85% of the 2019 but wants more disclosure in the reporting. Mr. Barlow said the proposed instructions do not facilitate the capture of that additional information. Alabama, Connecticut, Minnesota, Nebraska, and Texas supported Illinois' suggestion. Mike Monahan (ACLI) said they were in favor of additional disclosure and requested that the Working Group move forward with the guidance.

Mr. Barlow said the Working Group would need to consider how to make the change in the most minimal way possible because it would impact three years of reporting and would then need to be undone. He said the sentiment of the Working Group is to add the additional disclosure to capture the 2020 NOI in the 2021 RBC reporting. Mr. Tsang said he would like to see the number captured so it could be used in determining the impact.

Dave Fleming (NAIC) said the suggested changes would not be a structural change, instead it would be an instructional change in the company generated worksheet. He said the instructions could be modified to incorporate the changes into the 2021 instructions that would need to be exposed by April 30, 2021. Mr. Fleming said the Working Group has adopted everything in the guidance document except for the NOI portion. He said the instructions could be worked on separately.

Mr. Carmello made a motion, seconded by Mr. Ostlund to adopt the 2020 Mortgage Reporting Guidance including the NOI and direct NAIC staff to work with industry on drafting instructional changes to the company-generated worksheet to appropriately capture the actual 2020 NOI.

2. Received a Memorandum from the Financial Condition (E) Committee on Bond Factors

Mr. Barlow said the Working Group received a memorandum from the Financial Condition (E) regarding the new 20-designation bond factors to be put into place for year-end 2021 and consider analysis that will be prepared by the ACLI and presented to the Working Group. He said this is a good path forward to complete the work on the bond factors. He said the ACLI has done some work on the bond factors and are interested in working with interested regulators to develop the scope of work they are doing and in determining if there are any changes to the current proposal for the bond factors.

Mr. Barlow said he believes the work the American Academy of Actuaries (Academy) did was the work the Investment Risk-Based Capital (E) Working Group asked them to do. He said he is comfortable with the Academy's work and that the factors they developed are reasonably appropriate factors for bonds. He added that he is open to new information and is happy to work with the ACLI to address their concerns. Mr. Barlow said he would be content with moving forward with the factors but would suggest an adjustment to the portfolio adjustment be made. He said that while he believes the work the Academy did is actuarially sound; it could be harsh for smaller companies and would consider making a non-actuarial adjustment to the portfolio adjustment to address the concern.

Mr. Barlow noted that the factors were developed before the tax law change, so at a minimum the factors would need to be updated to reflect the tax effect. He said the new 20-designation structure is in place so the Working Group will have a short window of time to perform analysis on the 2020 RBC filings before deciding on final factors. He said the ACLI will present

their report and findings to the Working Group, and if there is information that is needed to complete their work, then that request should be brought to the Working Group. The Working Group would then need to evaluate whether that information is useful in ultimately making a decision on the work.

Mr. Robinson asked if the ACLI's findings would be sent to the Academy for review. Mr. Barlow said the ACLI's work will be handled in the same manner as any other work that comes to the Working Group, the proposal would be presented, and it would be exposed for public comment. Mr. Chou suggested the Working Group have more open discussion as the ACLI works through their study to address any transparency concerns rather than waiting until the conclusion of their study. Mr. Barlow said the Working Group has work that was completed by the Academy on behalf of the Investment Risk-Based Capital (E) Working Group and it is up to the regulators to determine the assumptions and procedures in determining what it done to the RBC calculation. He said that in his time as chair and a member of the Working Group, work has been accepted as is from the Academy and they have gotten work that they requested the Academy revise in some way to address regulator concerns. He said if the Working Group feels that an assumption needs to be revised it is on the Working Group to make that decision.

Steve Clayburn (ACLI) asked that the Working Group review the request for proposal (RFP) that the ACLI has drafted to make sure it addresses regulator requests as well. He said the consultant who wins the RFP will review the underlying modeling that was done for those factors because industry has some concerns. Mr. Barlow encouraged Working Group members who are interested, to provide their thoughts on the RFP to the ACLI. He said the factors will need to be exposed by the end of April, so the Working Group will have some time to work on this and perform the analysis after the March 1st filing deadline.

Mr. Barlow said the bond factors were developed several years ago and that there has been more experience since that time, and if new bond factors are put in place now with more current assumptions, it could result in a change in the factors because of the additional experience. He said the goal should be to work with the work that has already been done and finalize the factors.

Mr. Tsang asked if the Working Group should work with the Academy and look at making an adjustment to the portfolio adjustment while the ACLI does their analysis. Mr. Barlow said the portfolio adjustment should be a relatively simple change that the Working Group could make, and it is not uncommon for there to be regulatory adjustments to the Academy recommendations. He also noted that the ACLI planned to look at the portfolio adjustment. Nancy Bennett (Academy) said that capital requirements for bonds is designed to work together in a two-step process, the first is the individual level and the second is the portfolio level, that makes an adjustment for diversification of an individual insurer's portfolio. She said if the Working Group wanted to make some kind of regulator adjustments to the portfolio adjustment so that the affects some companies differently, it can be done but that is a function of judgement and that is the regulator's judgement to apply. In order for the Academy to revise it they would need additional regulatory direction. Ms. Ahrens suggested waiting for the ACLI to complete their analysis before the Academy or the Working Group performs any additional work. Mr. Tsang suggested the Working Group look at making any adjustments to the portfolio adjustment parallel to the ACLI's work. The Working Group agreed to continue the discussion on a future call.

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

W:\National Meetings\2020\Fall\TF\CapAdequacy\LifeRBC\10_9_20 Call

Draft: 11/4/20

Life Risk-Based Capital (E) Working Group
Conference Call
September 25, 2020

The Life Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force met via conference call Sep. 25, 2020. The following Working Group members participated: Philip Barlow, Chair (DC); Steve Ostlund (AL); Perry Kupferman (CA); Eric Unger (CO); Wanchin Chou (CT); Gilbert Moreau (FL); Vincent Tsang (IL); John Robinson (MN); William Leung (MO); Rhonda Ahrens (NE); Seong-min Eom (NJ); Bill Carmello (NY); Andrew Schallhorn (OK); and Mike Boerner (TX).

1. Continued Discussion of the Industry Request for Risk-Based Capital Mortgage Reporting Guidance

Mr. Barlow said the request for risk-based capital (RBC) mortgage reporting guidance from the American Council of Life Insurers (ACLI) and the Mortgage Bankers Association (MBA), and specifically net operating income (NOI)), was discussed briefly on the Sep. 11 conference call and asked if there is additional information that the industry would like to provide. John Waldeck (Pacific Life Insurance) said they have talked to several of the regulators about some of the concerns that were outstanding and would like to continue to answer any questions but also point out a few things that may have been unclear in the past. The first is that the proposal is for an NOI statistic that is 85% of the 2019 NOI or the greater of that and the actual 2020 NOI. He said the expectation is that many of the properties will be reporting the actual 2020 NOI but, where properties are using the adjusted statistic, 85% of 2019 NOI, they feel it is because of the very unique events that have happened solely in 2020 with the closure of the economy throughout the country. He said the 15% drop in NOI in a given year is historically a very large drop, almost three times as large as what was seen in 2001 and several times larger than that seen in 2008 during those economic recessions. NOI is also a very common statistic used as a risk drop measure in the credit risk assessments on a property and he said it is consistent with other agencies. He said it is also a very large impact that they believe is appropriate as a floor rate for impacts for this year and prevents the unique events of 2020 and the closure of the economy from impacting the design of RBC and the use of the RBC calculations for determining the risk category for each individual mortgage. He said they surveyed a number of companies and found that actually applying a 15% drop in NOI in a single year would increase the RBC charge on commercial mortgages by 8% which they believe is a reasonable increase given a one-time impact. He underscored the point that properties that continue to struggle or become non-performing loans are not impacted by the proposed approach. Mr. Barlow said it sounds like assuming a 15% drop in NOI in a normal year, and assuming things return to normal, would result in an 8% increase in the RBC requirement and if the proposal is not put in place that increase would be larger which would mean the actual NOI would be less than 85%, Mr. Waldeck said that is correct. He said they surveyed several companies that represent about 25% of the total outstanding balance of mortgages for life companies, applied a 15% drop to their 2019 NOI to understand what would happen across the entire portfolio. He said not every property is going to have an increase in RBC but over the entire portfolio the increase would be 8%. With respect to the concept of a 15% drop in NOI in a global financial crisis, he said the largest one year drop in NOI was 3.15% and in the 2001 recession the largest drop was 5.91% with the overall decline of 11.5% over multiple years. While 15% represents a large drop, and where there have been properties this year with more than that, he said it is because of a very unique situation where the entire national economy closed which they do not believe represents the normal economic cycle that was intended in the RBC calculation.

Curt Dawson (Metropolitan Life) said the expectation is for most companies to report their 2020 NOI in the RBC categorization. He said the properties that are most affected are the retail and hotel properties that were shut down but seem to be now reopening. He said without this mitigation properties that were closed could move significantly within RBC categories even though the fundamental credit profile of the property has not changed, those where the NOI was down because it was closed due to the pandemic and the geographic area it is in and not because it became uncompetitive. He said there are going to be changes in the commercial real estate space as a result of the pandemic and there are properties that are not going to come back but there are others that are going to perform better than they did before and the performance of both will come through in the RBC categorization. He said the proposed change would only be to the 2020 NOI to be used in future years and would not affect the 2020 RBC calculation. However, he said there is an immediate impact, and it involves the investment decisions that companies are making today and the allocation of capital.

Mr. Robinson asked if the actual 2020 NOI would be collected even though it is not used. Mr. Dawson said the intention is expand the data collection to capture both the actual 2020 NOI and, if it is not used, the modified amount for review. Mr. Chou suggested, instead of using a modified amount for the 2020 NOI, adjusting the weighting factors applied to each year used in the calculation as a way to ensure the integrity of the data. Mr. Dawson reiterated that they believe that integrity can be maintained by capturing both in the workpapers that are available for examination. With respect to adjusting the weighting

factors, he said this was considered but the preference was to leave the structure in place as much as possible and changing the those factors from one year to the next does not achieve the objective of trying to mitigate the RBC impact on properties that did not have a change in their credit profile. Ms. Eom asked for confirmation that the proposal keeps the 2020 NOI constant for the three years the 2020 value is used and asked if this value could be changed after the 2021 RBC calculation depending upon what happens. Mr. Dawson said this was considered and one of the challenges with doing that is determining the threshold for when a property has come back and that is dependent upon how quickly the economy reopens. Mr. Waldeck reiterated the fact that if a property does not perform going forward it will fall into the non-performing category and will not be using any of the NOI statistics. Mr. Chou asked about the new normal as a result of the pandemic where a hotel, for example, is only coming back at 75%. Mr. Dawson said there will be properties that do not come back and do not generate the NOI that was underwritten or that they had in previous years but this will be reflected in the RBC calculation because they will migrate to the higher categorizations. He said the properties that do come back will maintain their categorization with this proposal. Even though a property comes back and is only at 75% of where it used to be, Mr. Waldeck said it will still be performing which will be reflected going forward and what the proposal is doing is to remove from the calculation the period where it was not allowed to operate. Mr. Tsang asked about the rationale for using 85% and whether using 80% or 90% would be better. Mr. Waldeck said they looked at what other industry groups such as the Federal Housing Finance Agency are using in their risk assessments and a 15% drop in NOI was used to test whether or not a property will survive during a very large economic impact. He said they also looked at historical drops in the National Council of Real Estate Investment Fiduciaries data during past recessions and took a multiple of that to reflect both an extremely large reduction as well as what is used as a stress test for making new investments. He said 80% would be more than double the decline over a multi-year period that occurred in the 2001 recession which actually had a larger impact on properties than the 2008 recession. The Working Group agreed to expose the industry's proposed changes to be incorporated into the 2021 instructions until Oct. 7.

2. Discussed the Working Agenda

Dave Fleming (NAIC) said he has had discussions with both the American Academy of Actuaries (Academy) and the ACLI on potential changes needed due to the changes made to *Life and Health Guaranty Association Model Act, Model #520*. He said the life RBC charges based on guaranty funds are based on the maximum assessment which has not changed so it is not apparent that any change is needed. With respect to potential changes needed for credit risk and collateral, he said the Academy is working on a proposal for reinsurance that may be able to be combined with this. He said he believes any changes needed can be done via the instructions or by line description changes. Mr. Barlow reminded the Working Group that items were added to the working agenda which come from the Investment Risk-Based Capital (E) Working Group to discus both the bond factors and the real estate factors. He said he believes the ACLI is working on a proposal to bring to the Working Group on the bond factors. Paul Graham (ACLI) said the ACLI will be reaching out to the Working Group in the next week or so for their input on the selection of a third party consultant to review the factors that have been proposed by the Academy as well as to get input from the Working Group on what the regulators feel would be helpful to them. Mr. Barlow said he will assist in whatever way he can but would like to get this moved forward as it has been debated for quite some time and he wants to get this complete so the new bond factors can be in place for 2021 as well as the real estate factors.

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

W:\National Meetings\2020\Fall\TF\Cap Adequacy\LifeRBC\9_25_20 Call

Draft: 11/2/20

Life Risk-Based Capital (E) Working Group
Conference Call
September 11, 2020

The Life Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force met via conference call Sep. 11, 2020. The following Working Group members participated: Philip Barlow, Chair (DC); Steve Ostlund (AL); Deborah Batista (CO); Wanchin Chou (CT); Vincent Tsang (IL); Fred Andersen (MN); Rhonda Ahrens (NE); Seong-min Eom (NJ); Bill Carmello (NY); Andrew Schallhorn (OK); Mike Boerner (TX); and Tomasz Serbinowski (UT).

1. Heard an Update from the American Academy of Actuaries' C2 Mortality Risk Work Group

Chris Trost (American Academy of Actuaries—Academy) chair of the Academy's C2 Mortality Work Group said the Work Group is looking for additional feedback from the presentation in March on a proposed additional component for unknown or emerging mortality risk and how it should be incorporated into the proposed modeling along with the possibility of developing separate factors by product. After getting this feedback and incorporating into the Work Group's work, he said the Work Group would like to present a preliminary set of factors. Ryan Fleming (Academy) provided the update (Attachment 1). He discussed the overall approach to C-2 mortality risk, which has additional details in the appendix slides, Mr. Tsang asked if the catastrophe risk component would be focused on a section of the population or across all populations. Mr. Fleming said that the catastrophe risk event the Work Group is using is applied as a mortality add-on for all ages which is the type of event that would have the most material impact for most life insurance companies. He discussed the current risk-based capital (RBC) factors, which were developed in the early 1990s, and vary by individual and group life and net amount at risk with the factors decreasing as net amount at risk increases which relates to the volatility and level risk with smaller companies being more subject to these. He then discussed in more detail the new catastrophe component as presented in slides five through eight. With respect to the five percent assumption for increased mortality in the second bullet point on slide seven, Mr. Ostlund asked why the modeling would use that assumption based on one event when two events are presented and neither of the events equated to that percentage. Mr. Fleming said both events were used in the calibration, but these were events generally affecting the U.S. general population as opposed to the insured population. Mr. Trost said the way that the events impacted mortality is different at different age groups. He said the five percent represents the worst age group and the assumption used is that this is the same across all age groups. He said the actual impacts to population mortality to date indicate that it is more likely half that amount. Mr. Fleming said the selection of five percent is based on what represents a meaningful impact to life insurers and incorporating what would be a worst-case event. Mr. Ostlund said he is still concerned with the mortality for all ages being at two percent and the use of five percent for the modeling. In building this unknown event, Mr. Trost said how the event will emerge is also an unknown and that includes whether there will be a significant difference between the general population and the insured population and the proposal incorporates an additional element of conservatism. Mr. Ostlund said his concern is more with the frequency of events which might be increasing and whether they can be underwritten. Mr. Trost said those are fair points and ones the Work Group can consider as it continues its work. Mr. Boerner asked about the time period, or the length of events, and the factor applied. Mr. Fleming said the assumption is that it lasts for the projection period but, generally, within ten years. He discussed the proposed differentiation for individual life products. Mr. Trost said the data is not readily available and the categorization by companies of different products may be an issue in how to approach this aspect. Mr. Barlow said it sounds like there could be a high degree of subjectivity involved. Mr. Trost agreed and said this is an issue that the Work Group may be able to provide alternative approaches to. Mr. Tsang said it would be good to have this type of differentiation, but it may be premature at this point and suggested deferring this aspect. Mr. Barlow concurred and suggested it would be good if differentiations in the proposed approach could be focused on those that can be pulled directly from the annual statement if that is possible. Mr. Carmello asked about the time horizon and how it fit in with the other components of RBC. Mr. Trost said he believes RBC tends to be calibrated between five and ten years, but the point of the projection is to ensure that the full risk cycle is covered. Mr. Carmello noted that the work on bonds is looking at ten years and suggested that may be a good number. Mr. Fleming discussed the next steps and, with the feedback from the Working Group, the goal of finalizing the proposed approach on preliminary factors for the next presentation to the Working Group.

2. Continued Discussion of Industry's Request for RBC Mortgage Reporting Guidance

Mr. Barlow said this was briefly discussed on the previous call and can be continued at the beginning of the next call. Curt Dawson (Metropolitan Life) said he is speaking on behalf of the American Council of Life Insurers (ACLI) and the Mortgage Bankers Associations (MBA). He provided a brief summary of the proposal (Attachment 2) and said for net operating income (NOI) coming from properties for 2020 the proposal would use the 2020 NOI in the RBC classification formula unless it is

lower than 85% of the 2019 NOI in which case the 2019 NOI would be used. He said the reason for this is that the classification method treats drops in NOI resulting from temporary closures relating to the COVID-19 pandemic the same way it treats drops in NOI related to changes in the fundamental property performance even though the impacts on credit risk could be different. He said the regulator feedback that even though the drop may be due to a temporary shutdown it could have an impact on future credit risk has been received but noted that loans that are near the limits of a classification may move between categories even with the proposal in place. He said the proposal is not designed to mask properties that have suffered a longer-term reduction in their competitiveness or their ability to generate revenue and, if a property will truly be performing at a lower level due to impacts from the pandemic, this will be reflected in the calculation over time. He also noted that the proposal does nothing to change the current treatment of properties that become delinquent or go into foreclosure. He said they have been meeting with regulators individually to discuss the proposal and solicit feedback on areas of concern. Mr. Barlow said the Working Group continue this discussion on its next call.

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

W:\National Meetings\2020\Fall\TF\CapAdequacy\LifeRBC\9_11_20 Call

Draft: 10/30/20

Life Risk-Based Capital (E) Working Group
Conference Call
August 21, 2020

The Life Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force met via conference call Aug.21, 2020. The following Working Group members participated: Philip Barlow, Chair (DC); Steve Ostlund (AL); Perry Kupferman (CA); Deborah Batista (CO); Wanchin Chou (CT); Carolyn Morgan (FL); Vincent Tsang (IL); John Robinson (MN); William Leung (MO); Rhonda Ahrens (NE); Seong-min Eom (NJ); Bill Carmello (NY); Andrew Schallhorn (OK); Mike Boerner (TX); and Tomasz Serbinowski (UT).

1. Heard an Update from the Academy C-3 Work Group

Mr. Barlow said the American Academy of Actuaries (Academy) has been working on C-3 issues while the Working Group has been addressing other items and is looking for feedback from the Working Group on how best to proceed. Link Richardson (Academy) provided a high-level review of the presentation which he said is similar to one that was briefly given on the March 23 call but more has been added with respect to specific steps to be taken in the course of field testing. He reminded the Working Group that the specific charge to the Academy was to update C-3 Phase I or C-3 Phase II to include indexed annuities. Originally, it was to be C-3 Phase I but he said the Academy is suggesting C-3 Phase II may make more sense as it has equity scenarios defined, hedging guidance and other items. He said, since the 2015 field test, C-3 Phase II has been updated and the Academy is suggesting the testing be done in the updated C-3 Phase II methodology. He presented the Academy's update (Attachment 1). The 2015 field test used the September 2014 models and scenarios and was included in the instructions for the March 2015 risk-based capital (RBC) filing and Mr. Richardson said the Academy is suggesting, if that route is chosen, using the June supplemental update due to yearend time constraints. He said the analysis that was done on the results was not extensive and the Academy is asking for clearer analysis and basis for drawing conclusions. He highlighted the changes that have occurred since 2015 and the key differences that still exist between C-3 Phase I and C-3 Phase II. Mr. Tsang asked about the first bullet point on slide six on the key differences and the prescribed use of default costs in VM-20 included on the previous page. Instead of C-1 charges, Mr. Richardson said the first bullet under key differences should refer to the assumed default costs instead. He discussed the scenario considerations, the Academy's high-level recommendations and then the Academy's suggested steps for a field test as outlined on slide nine where one major framework change or assumption at a time could be considered to see what the effects are He said the Academy has created a field test vision subgroup of VM-22 and suggested coordination with that group. Mr. Robinson asked if there would need to be another round of field testing done after VM-22 is done and, if so, when would that be scheduled for. Mr. Richardson said this is something that will need to be considered as it is determined what business VM-22 applies to. He said one of the things the Academy's C3 Life and Annuities Work Group envisions doing next, if this high-level recommendation is acceptable, is to proceed with developing more specifics but, along with that, they suggest specific results analysis consideration as outlined on slide ten. Mr. Barlow asked about the VM-22 field testing timeline. Mr. Tsang said the VM-22 field test is targeted for the middle of 2021, which would likely involve iterations, so it would likely be expected to be done sometime in 2022 with an implementation date of 1/1/2023 although he suggested a 2024 implementation may be more realistic. Mr. Barlow asked if the general consensus is that the only way to get the necessary data is through the use of a field test. Mr. Richardson said it would be helpful to see the effects of the major changes in order to make those apparent and gather comments. He also noted the RBC requirement of including an impact study for significant changes and a field test would seem to be the best way to gather meaningful information that would come from actual models and products. Mr. Barlow suggested that perhaps a more specific proposal from the Academy would be the next step but, to the extent the work can be coordinated with other work that is being done and reduce the burden, that would be a goal of the Working Group. Mr. Richardson said the C3 Life and Annuities Work Group would continue its coordination and will take its 2014 report and update it to incorporate the specifics in this presentation.

2. Adopted a Revised 2020 Life RBC Newsletter

Mr. Barlow said the newsletter (Attachment 2) was revised due to changes made to the 2019 C-3 instructions and C-3 guidance that were omitted. Mr. Boerner made a motion, seconded by Mr. Kupferman to adopt the revised newsletter. The motion passed unanimously.

3. Discussed Other Matters

Mr. Barlow said another call will be scheduled to continue discussion of the industry's request for mortgage reporting guidance.

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

W:\National Meetings\2020\Fall\TF\CapAdequacy\LifeRBC\8_21_20 Call

Draft: 8/11/20

Life Risk-Based Capital (E) Working Group
Virtual Summer National Meeting
July 30, 2020

The Life Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force met July 30, 2020. The following Working Group members participated: Philip Barlow, Chair (DC); Steve Ostlund (AL); Perry Kupferman (CA); Deborah Batista (CO); Wanchin Chou (CT); Caroline Morgan (FL); Vincent Tsang (IL); William Leung (MO); Rhonda Ahrens (NE); Dave Wolf (NJ); Bill Carmello (NY); Diane Carter (OK); Mike Boerner (TX); and Tomasz Serbinowski (UT).

1. Adopted its July 10, June 30, June 11 and Spring National Meeting Minutes

The Working Group met July 10, June 30, June 11 and March 23. During its July 10 and June 30 meetings, the Working Group discussed an industry request for risk-based capital (RBC) mortgage reporting guidance. During its June 11 meeting, the Working Group took the following action: 1) adopted the instructions for incorporating a longevity risk charge; and 2) discussed the American Council of Life Insurers' (ACLI's) request for guidance on the life RBC reporting of mortgages.

Mr. Ostlund made a motion, seconded by Mr. Boerner, to adopt the Working Group's July 10 (Attachment Four-A), June 30 (Attachment Four-B), June 11 (Attachment Four-C) and March 23 (Attachment Four-D) minutes. The motion passed unanimously.

2. Adopted the 2020 Life RBC Newsletter

Mr. Wolf made a motion, seconded by Mr. Ostlund, to adopt the 2020 life RBC newsletter (Attachment Four-E). The motion passed unanimously.

3. Discussed the 2019 Life and Fraternal Statistics

Mr. Barlow said because the life and fraternal formulas were combined, there is no longer a separate section for each. He said he has noted this previously, but he would like to have in-depth discussions about the statistics to determine if the right ones are being captured and what these might mean with respect to decisions the Working Group makes. He said the statistics are to be posted to the Working Group's website. Paul Graham (ACLI) suggested that it would be more helpful to have the breakouts of RBC ratios be shown as 300%–500% as opposed to 250%–500%. Dave Fleming (NAIC) said that not all states have yet adopted the 300% threshold and, as such, it is still necessary to include the 250% threshold.

4. Continued Discussion of Industry Request for RBC Mortgage Reporting Guidance

Mr. Barlow reminded the Working Group that the industry has brought forth four requests for RBC mortgage reporting guidance and that the Working Group has addressed the three that would be applicable to year-end 2020 RBC reporting and deferred action on the fourth while agreeing to reconsider as new information is presented. He said the industry has continued to work on this to provide additional information to assist the Working Group in deciding on the fourth item, which is net operating income (NOI).

John Waldeck (Pacific Life Insurance) said he is representing the Mortgage Bankers Associations (MBA) and the ACLI and presented an update on the status of their work (Attachment Four-F). He asked Working Group members for anything else that they would like to have specific focus on as they continue their work to provide more information for the Working Group. Ms. Ahrens said the proposed approach is to use the greater of 2020 or 85% of 2019 NOI and asked if it was possible to use more timely information such as the third quarter of 2020. Mr. Waldeck indicated that many of the loans on the books of insurers are smaller loans that only receive annual financial statements and that this was one of the reasons for the current RBC calculation. Instead of changing the underlying data point because of the credibility of the data point, Mr. Chou suggested the possibility of changing the weight given to the data points. Because the calculation for 2020 could not be changed, Mr. Waldeck said this request was just for guidance on how to treat the NOI as an input into the calculation. He said he believes using 85% of 2019 results in an outcome very similar to changing the weights given. Mr. Barlow asked if some analysis could be done with the actual worksheet calculations to determine RBC category for each loan for previous years substituting the 85% of the prior year NOI as the proposal is requesting for 2020 to see if it materially changes the categorization of loans. Mr. Waldeck

indicated that some information to that end could be provided. Mr. Barlow said the Working Group will continue to look at this issue and consider it again as more information is presented.

5. Discussed the Working Agenda and Upcoming Conference Calls

Mr. Barlow said the American Academy of Actuaries (Academy) has had a couple of projects it has been working on, specifically C-3 and C-2, which it is ready to present to and get feedback from the Working Group but have been delayed due to the focus on work relating to the pandemic. He said the Working Group has conference calls scheduled for Aug. 21 and Sept. 11 to discuss these items and other items on the working agenda.

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

W:\National Meetings\2020\Summer\TF\CapAdequacy\LifeRBC\7_30_20 Minutes

AGGREGATED LIFE RBC AND ANNUAL STATEMENT DATA
2019 Data as of 6/9/2020

		Year-End 2019	Year-End 2018	Year-End 2017	Year-End 2016	Year-End 2015	Year-End 2014	Year-End 2013	Year-End 2012	Year-End 2011	Year-End 2010	Year-End 2009	Year-End 2008	Year-End 2007
# of Companies Filed RBC		772	703	704	718	725	727	750	761	786	804	814	847	874
# of Companies Filed Annual Statement		786	722	729	739	750	763	770	788	811	832	846	884	912
% of RBC Companies		98%	97%	97%	97%	97%	95%	97%	97%	97%	97%	96%	96%	96%
Company Action Level - Trend Test at 300%		7	6	6	3	2	6	6	7					
Company Action Level - Trend Test at 250%		3	4	4	2	1	4	3	1	3	3	2	4	2
Company Action Level	1	4	2	3	4	6	5	5	1	2	2	4	6	4
Regulatory Action Level	2	0	2	4	1	1	0	1	0	1	1	2	5	3
Authorized Control Level	3	1	1	0	1	1	1	1	1	0	1	2	3	2
Mandatory Control Level	4	3	3	3	3	4	2	4	4	6	7	8	7	2
Total		18	18	20	14	15	18	20	14	12	14	18	25	13
		2.33%	2.56%	2.84%	1.95%	2.07%	2.48%	2.67%	1.84%	1.53%	1.74%	2.21%	2.95%	1.49%
# of Companies with RBC Ratio > 10,000%		50	47	56	57	53	61	67	71	69	75	74	83	90
# of Companies with RBC Ratio >1000 & < 10,000%		312	275	311	319	338	333	337	331	353	352	321	301	350
# of Companies with RBC Ratio >500 & <1,000%		332	311	275	274	270	270	279	273	281	279	292	323	320
# of Companies with RBC Ratio >250 & < 500%		68	58	50	57	53	52	56	76	69	84	107	115	98
# of Companies with RBC Ratio > 200 & < 250%		4	4	5	3	4	7	4	4	4	3	3	4	3
# of Companies with RBC Ratio < 200% & <> 0%		6	8	7	8	7	4	6	6	9	11	16	21	11
# of Companies with RBC Ratio of Zero		0	0	0	0	0	0	1	0	1	0	1	0	2
Total		772	703	704	718	725	727	750	761	786	804	814	847	874
Total Adjusted Capital		606,901,270,691	540,392,904,821	526,559,144,783	508,747,679,200	495,365,058,593	486,612,658,608	472,894,118,204	455,931,025,099	429,882,705,430	415,751,433,123	384,905,892,943	337,860,501,583	382,627,987,926
Authorized Control Level RBC		70,095,026,244	64,286,923,366	56,351,687,796	53,371,992,970	51,286,679,826	49,962,064,876	49,205,729,081	49,013,713,654	47,139,501,106	46,279,711,878	46,102,539,425	44,596,669,098	47,718,768,813
Aggregate RBC %		866%	841%	934%	953%	966%	974%	961%	930%	912%	898%	835%	758%	802%
Median RBC %		964%	945%	1024%	1040%	1080%	1066%	1053%	1032%	1050%	1047%	989%	910%	1009%
Total C-0 Asset Risk - Affilates		25,328,213,376	23,856,057,914	21,480,358,294	19,961,695,520	19,307,626,448	18,663,109,500	19,306,580,061	19,189,195,399	18,739,561,938	18,738,970,919	19,124,258,227	17,729,666,292	20,975,520,066
Total C-1cs Asset Risk - Common Stock		42,580,467,817	36,644,436,197	29,944,288,495	26,649,848,001	25,801,853,730	26,039,253,312	23,483,229,549	21,747,022,437	20,328,404,533	19,360,694,811	16,595,134,459	15,173,911,148	21,178,265,348
Total C-1o Asset Risk - All Other		55,635,242,506	50,712,357,646	43,686,249,070	42,489,721,515	40,179,612,473	38,560,998,099	37,913,777,872	40,304,592,786	39,651,231,374	38,381,025,396	38,136,885,331	38,260,941,266	37,981,125,254
Total C-2 Insurance Risk		29,733,905,846	28,086,687,917	25,145,118,818	24,540,625,751	24,094,786,786	23,232,226,881	22,969,556,371	22,768,484,196	21,568,971,896	21,836,086,348	21,833,532,513	22,559,534,191	21,586,513,996
Total C-3a Interest Rate Risk		15,883,584,969	15,698,296,624	16,323,727,158	15,229,088,812	14,970,305,244	14,530,687,343	13,910,184,618	13,284,390,473	12,219,650,198	11,334,886,455	11,442,899,879	11,229,953,890	11,395,161,812
Total C-3b Health Credit Risk		92,196,729	88,414,538	77,374,674	36,706,313	2,309,153	2,081,557	5,892,497	2,158,826	1,875,576	1,734,250	2,063,416	1,805,892	2,027,905
Total C-3c Market Risk		5,209,040,590	4,036,702,207	2,288,518,186	2,208,998,999	1,906,066,557	2,224,840,425	2,669,688,425	2,948,734,740	1,892,951,628	2,959,091,714	3,551,368,814	1,171,858,286	2,397,371,134
Total C-4a Business Risk		8,678,807,068	8,042,986,598	7,739,505,134	7,747,940,544	7,357,039,841	6,998,502,423	6,829,950,654	6,389,295,722	6,212,941,848	6,114,674,083	6,337,289,177	6,200,102,256	5,467,652,625
Total C-4b Business Risk Admin. Expenses		652,941,471	679,693,954	584,193,165	649,189,658	677,624,067	647,290,652	688,425,241	663,477,509	651,251,709	678,560,902	669,202,149	624,515,305	575,510,887
		183,794,400,372	167,845,633,595	147,269,332,994	139,513,815,113	134,297,224,299	130,898,990,192	127,777,285,288	127,297,352,088	121,266,840,700	119,405,724,878	117,692,633,965	112,952,288,526	121,559,149,027
Total C-0 Asset Risk - Affilates		13.78%	14.21%	14.59%	14.31%	14.38%	14.26%	15.11%	15.07%	15.45%	15.69%	16.25%	15.70%	17.26%
Total C-1cs Asset Risk - Common Stock		23.17%	21.83%	20.33%	19.10%	19.21%	19.89%	18.38%	17.08%	16.76%	16.21%	14.10%	13.43%	17.42%
Total C-1o Asset Risk - All Other		30.27%	30.21%	29.66%	30.46%	29.92%	29.46%	29.67%	31.66%	32.70%	32.14%	32.40%	33.87%	31.24%
Total C-2 Insurance Risk		16.18%	16.73%	17.07%	17.59%	17.94%	17.75%	17.98%	17.89%	17.79%	18.29%	18.55%	19.97%	17.76%
Total C-3a Interest Rate Risk		8.64%	9.35%	11.08%	10.92%	11.15%	11.10%	10.89%	10.44%	10.08%	9.49%	9.72%	9.94%	9.37%
Total C-3b Health Credit Risk		0.05%	0.05%	0.05%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total C-3c Market Risk		2.83%	2.41%	1.55%	1.58%	1.42%	1.70%	2.09%	2.32%	1.56%	2.48%	3.02%	1.04%	1.97%
Total C-4a Business Risk		4.72%	4.79%	5.26%	5.55%	5.48%	5.35%	5.35%	5.02%	5.12%	5.12%	5.38%	5.49%	4.50%
Total C-4b Business Risk Admin. Expenses		0.36%	0.40%	0.40%	0.47%	0.50%	0.49%	0.54%	0.52%	0.54%	0.57%	0.57%	0.55%	0.47%
		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total Assets		7,697,670,761,108	6,932,444,757,225	7,116,411,490,040	6,721,817,618,789	6,430,733,066,141	6,358,609,540,768	6,091,050,647,565	5,719,314,837,374	5,443,336,482,466	5,268,957,173,893	4,830,356,893,602	4,607,342,995,257	5,049,820,721,987
Total Invested Assets		4,582,985,123,381	4,209,696,503,206	4,155,136,070,920	3,976,564,473,802	3,787,990,147,128	3,712,771,901,125	3,565,197,915,336	3,480,198,086,684	3,433,849,122,434	3,268,287,880,755	3,068,108,897,250	3,076,899,901,251	3,013,496,990,678
Reserves (Liabilities Line 1 + 2)		3,285,116,770,876	3,075,849,385,426	3,012,277,013,582	2,923,377,679,259	2,790,917,216,424	2,714,010,331,232	2,596,164,893,854	2,524,930,764,452	2,535,993,714,620	2,398,889,900,081	2,240,332,789,534	2,212,831,818,700	2,071,960,024,981
Surplus (Liabilities Line 37)		521,516,943,871	475,856,634,572	465,945,183,027	452,449,163,848	439,868,508,114	426,214,329,287	410,481,152,085	398,762,929,952	382,243,010,580	378,454,188,941	354,616,805,831	309,138,077,020	328,901,773,084
Premiums Earned (Page 4 Line 1)		691,912,622,389	603,752,144,878	597,830,528,981	601,805,999,830	640,574,026,890	647,586,767,390	580,738,513,565	643,023,819,383	621,700,011,784	581,367,994,167	498,299,974,200	631,303,023,039	616,770,964,771
Claims Incurred (Page 4 Lines 10 Through 13)		308,204,032,091	290,149,583,149	280,435,511,539	270,358,842,590	262,562,416,881	249,920,819,580	265,507,549,061	256,267,367,543	253,100,778,009	246,698,389,340	241,382,608,610	244,133,319,171	231,127,082,383

Source: NAIC Financial Data Repository

AGGREGATED FRATERNAL RBC AND ANNUAL STATEMENT DATA
2018 Data as of 5/30/2019

		Year-End 2018	Year-End 2017	Year-End 2016	Year-End 2015	Year-End 2014	Year-End 2013	Year-End 2012	Year-End 2011	Year-End 2010	Year-End 2009	Year-End 2008	Year-End 2007
# of Companies Filed/Reported RBC		72	73	75	75	73	74	67	76	77	79	83	84
# of Companies Filed Annual Statement		73	74	77	79	79	80	80	83	87	91	93	97
% of RBC Companies		99%	99%	97%	95%	92%	93%	84%	92%	89%	87%	89%	87%
Company Action Level - Trend Test at 300%		2	0	2	2	1	3	1					
Company Action Level - Trend Test at 250%		0	0	0	1	1	1	0	1	3	3	2	0
Company Action Level	1	1	0	0	1	1	1	1	1	1	3	5	1
Regulatory Action Level	2	1	1	1	0	0	0	0	0	0	0	2	1
Authorized Control Level	3	0	0	0	0	0	0	0	0	0	0	1	1
Mandatory Control Level	4	0	1	1	1	1	0	0	0	0	0	2	1
Total		4	2	4	5	4	5	2	2	4	6	12	4
		5.56%	2.74%	5.33%	6.67%	5.48%	6.76%	2.99%	2.63%	5.19%	7.59%	14.46%	4.76%
# of Companies with RBC Ratio > 10,000%		0	2	1	1	2	2	1	2	2	2	2	4
# of Companies with RBC Ratio> 1000 & < 10,000%		24	28	29	25	21	28	23	25	29	33	32	43
# of Companies with RBC Ratio >500 & <1,000%		30	28	27	29	30	21	19	23	20	20	22	20
# of Companies with RBC Ratio >250 & < 500%		16	15	16	17	17	21	22	22	17	14	14	12
# of Companies with RBC Ratio > 200 & < 250%		1	0	0	1	2	1	1	3	8	7	3	1
# of Companies with RBC Ratio < 200% &< > 0%		1	0	2	2	1	1	1	1	1	3	10	4
# of Companies with RBC Ratio Of Zero		0	0										
Total		72	73	75	75	73	74	67	76	77	79	83	84
Total Adjusted Capital		19,230,589,100	18,160,459,224	16,791,351,776	15,493,109,462	14,700,132,737	13,795,340,822	12,347,326,925	11,316,414,941	11,212,263,374	10,240,632,980	9,426,888,432	11,487,456,658
Authorized Control Level RBC		1,733,245,430	1,452,835,009	1,347,632,577	1,255,700,071	1,280,942,505	1,232,288,742	1,219,162,756	1,167,599,848	1,229,279,662	1,101,560,591	928,348,604	875,165,165
Aggregate RBC %		1110%	1250%	1246%	1234%	1148%	1119%	1013%	969%	912%	930%	1015%	1313%
Median RBC %		773%	873%	822%	802%	810%	751%	691%	789%	770%	807%	783%	1114%
Total C-0 Asset Risk - Affilates		75,620,367	68,102,267	61,793,400	60,343,051	56,339,609	57,710,138	55,534,343	48,811,031	N/A	N/A	N/A	N/A
Total C-1cs Asset Risk - Common Stock		2,015,965,165	1,583,669,106	1,415,367,295	1,294,868,045	1,281,286,576	1,302,632,382	1,209,071,765	1,065,187,524	N/A	N/A	N/A	N/A
Total C-1o Asset Risk - All Other		1,488,796,764	1,229,721,549	1,189,846,355	1,034,286,006	975,579,588	933,361,219	1,155,872,821	1,158,338,687	N/A	N/A	N/A	N/A
Total C-2 Insurance Risk		408,509,004	361,345,746	347,024,408	348,958,190	342,027,279	329,579,505	321,457,634	315,521,778	N/A	N/A	N/A	N/A
Total C-3a Interest Rate Risk		767,270,236	720,305,211	673,932,001	713,963,314	865,488,613	808,064,397	636,182,548	603,032,126	N/A	N/A	N/A	N/A
Total C-3b Health Credit Risk		0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A
Total C-3c Market Risk		7,289,781	5,675,823	7,228,886	10,468,506	10,026,178	4,049,730	5,806,398	3,908,302	N/A	N/A	N/A	N/A
Total C-4a Business Risk		146,809,654	146,269,571	147,055,169	139,216,623	132,853,888	126,926,826	133,077,475	136,954,796	N/A	N/A	N/A	N/A
Total C-4b Business Risk Admin. Expenses		1,886,744	1,551,129	1,564,002	1,716,479	1,663,913	1,967,688	2,076,144	2,053,481	N/A	N/A	N/A	N/A
		4,912,147,715	4,116,640,402	3,843,811,516	3,603,820,214	3,665,265,644	3,564,291,885	3,519,079,128	3,333,807,725				
Total C-0 Asset Risk - Affilates		1.54%	1.65%	1.61%	1.67%	1.54%	1.62%	1.58%	1.46%				
Total C-1cs Asset Risk - Common Stock		41.04%	38.47%	36.82%	35.93%	34.96%	36.55%	34.36%	31.95%				
Total C-1o Asset Risk - All Other		30.31%	29.87%	30.95%	28.70%	26.62%	26.19%	32.85%	34.75%				
Total C-2 Insurance Risk		8.32%	8.78%	9.03%	9.68%	9.33%	9.25%	9.13%	9.46%				
Total C-3a Interest Rate Risk		15.62%	17.50%	17.53%	19.81%	23.61%	22.67%	18.08%	18.09%				
Total C-3b Health Credit Risk		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
Total C-3c Market Risk		0.15%	0.14%	0.19%	0.29%	0.27%	0.11%	0.16%	0.12%				
Total C-4a Business Risk		2.99%	3.55%	3.83%	3.86%	3.62%	3.56%	3.78%	4.11%				
Total C-4b Business Risk Admin. Expenses		0.04%	0.04%	0.04%	0.05%	0.05%	0.06%	0.06%	0.06%				
		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%				
Total Assets		169,135,504,963	168,000,365,263	158,655,825,653	150,535,532,405	144,726,013,287	137,075,718,828	129,638,349,393	119,831,633,975	112,891,969,239	103,750,959,660	94,990,254,328	98,853,850,438
Total Invested Assets		138,076,495,522	134,929,237,617	129,634,944,910	124,306,250,003	119,516,625,545	114,708,240,638	111,728,770,065	104,803,650,006	98,590,257,751	91,710,630,532	85,509,723,567	85,794,507,501
Reserves (Liabilities Line 1 + 2)		102,972,868,640	100,824,730,896	97,602,163,251	94,024,614,913	90,700,012,921	87,385,383,680	84,090,461,068	80,027,890,705	75,819,184,810	71,327,522,999	67,216,654,543	64,549,801,506
Asset Valuation Reserve (Liabilities Line 21.1)		2,213,812,483	2,188,700,487	2,016,110,804	1,783,612,005	1,823,235,347	1,736,915,588	2,278,582,536	1,787,262,534	1,376,561,278	730,847,139	322,873,333	1,222,465,210
Surplus (Liabilities Line 30)		16,666,250,425	15,640,629,488	14,522,927,664	13,469,992,284	12,580,338,693	11,829,411,951	9,839,176,097	9,165,593,291	9,463,615,625	9,149,248,907	8,708,577,291	9,907,238,582
Premiums Earned (Page 4 Line 1)		10,048,236,217	9,952,575,434	10,105,222,986	10,589,981,867	10,260,163,873	9,919,386,707	10,086,216,569	9,759,276,733	9,640,532,834	8,476,275,245	7,513,988,393	6,373,320,888
Claims Incurred (Page 4 Lines 10 Through 13)		5,409,537,534	4,870,530,074	4,535,701,918	4,291,817,858	4,036,921,338	3,786,783,125	3,732,411,321	3,673,402,187	3,378,363,391	3,040,127,093	3,039,141,980	2,834,643,865

Source: NAIC Financial Data Repository

Priority 1 – High priority
Priority 2 – Medium priority
Priority 3 – Low priority

CAPITAL ADEQUACY (E) TASK FORCE
WORKING AGENDA ITEMS FOR CALENDAR YEAR 2020

2020 #	Owner	2020 Priority	Expected Completion Date	Working Agenda Item	Source	Comments	Date Added to Agenda
				Ongoing Items – Life RBC			
1	Life RBC WG	Ongoing	Ongoing	Make technical corrections to Life RBC instructions, blank and /or methods to provide for consistent treatment among asset types and among the various components of the RBC calculations for a single asset type.			
2	Life RBC WG	1	**2021** or later	1.Monitor the impact of the changes to the variable annuities reserve framework and risk-based capital (RBC) calculation and determine if additional revisions need to be made. 2.Develop and recommend appropriate changes including those to improve accuracy and clarity of variable annuity (VA) capital and reserve requirements	CATF	Being addressed by the Variable Annuities Capital and Reserve (E/A) Subgroup	
3	Life RBC WG	1	**2021** or later	Provide recommendations for recognizing longevity risk in statutory reserves and/or RBC, as appropriate.	New Jersey	Being addressed by the Longevity (E/A) Subgroup	
				Carry-Over Items Currently being Addressed – Life RBC			
4	Life RBC WG	1	**2021** or later	Update the current C-3 Phase I or C-3 Phase II methodology to include indexed annuities	AAA		
5	Life RBC WG	2	**2021** or later	Develop guidance, for inclusion in the proposed NAIC contingent deferred annuity (CDA) guidelines, for states as to how current regulations governing risk-based capital requirements, including C-3 Phase II, should be applied to contingent deferred annuities (CDAs). Recommend a process for reviewing capital adequacy for insurers issuing CDAs and prepare clarifying guidance, if necessary, due to different nomenclature then used with regard to CDAs. The development of this guidance does not preclude the Working Group from reviewing CDAs as part of any ongoing or future charges where applicable and is made with the understanding that this guidance could change as a result of such a review.	10/21/13 Referral from A Committee	It is important to consider the implications of work being done by the CDA and VA Issues Working Groups to ensure consistency in addressing these charges. The Working Group is monitoring the progress of that work.	
6	Life RBC WG	1	**2021**	Review and evaluate company submissions for the RBC Shortfall schedule and corresponding adjustment to Total Adjusted Capital.			10/16/2015
7	Life RBC WG	1	**2021**	Review and evaluate company submissions for the Primary Security Shortfall schedule and corresponding adjustment to Authorized Control Level.			10/16/2015
8	Life RBC WG	1	**2021**	Continue consideration impacts and modifications necessary due to the Federal Tax Cuts and Jobs Act and develop guidance for users of RBC on those impacts.			3/24/2018
9	Life RBC WG	1	**2021**	Determine if any adjustment is needed to the XXX/AXXX RBC Shortfall calculation to address surplus notes issued by captives.	11/1/17 Referral from the Reinsurance (E) Task Force		3/24/2018
10	Life RBC WG	1	**2021**	Determine if any adjustment is needed due to the changes made to the*Life and Health Guaranty Association Model Act, Model #520.*			9/1/2018
11	Life RBC WG	1	**2021**	Determine if any adjustment is needed to the reinsurance credit risk in light of changes related to collateral and the changes made to the property RBC formula.			9/1/2018
12	Life RBC WG	1	2021	Discuss and determine the bond factors for the 20 designations.	Referral from Investment RBC July/2020		
13	Life RBC WG	1	2021	Discuss and determine the need to adjust the real estate factors.	Referral from Investment RBC July/2020		
				New Items – Life			
14	**Life RBC WG**	**1**	**2021 or later**	**Work with the Life Actuarial (A) Task Force and Conning to implement the economic scenario generator for implementation.**			