NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Draft date: 10/26/26

FINANCIAL CONDITION (E) COMMITTEE
Thursday, Oct. 29, 2026
12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

ROLL CALL

Nathan Houdek, Chair	Wisconsin	Mike Causey	North Carolina
Michael T. Caljouw, Vice Chair	Massachusetts	Judith L. French	Ohio
Michael Yaworsky	Florida	Michael Wise	South Carolina
Doug Ommen	Iowa	Amanda Crawford	Texas
Vicki Schmidt	Kansas	Kaj Samsom	Vermont
Julia Dreier	Minnesota	Scott A. White	Virginia
Mike Chaney	Mississippi	Jeff Rude	Wyoming
Kaitlin Asrow	New York		

NAIC Committee Support: Dan Daveline/Julie Gann/Bruce Jenson

AGENDA

1. Consider Adoption of 2027 Proposed Charges — Attachment A
   —Commissioner Nathan Houdek (WI)

2. Consider Comments on Potential Changes to Model 285-Disclosure of Material Transactions Model Act — Attachment B
   —Commissioner Nathan Houdek (WI)

3. *Consider/Discuss Referral from the Natural Catastrophe Risk and Resilience (EX) Task Force related to catastrophe scenario RCAT analysis* — Attachment C
   —Mike Peterson (CA)

4. Adopt Additional Letter to the Life Risk Based Capital Working Group — Attachment D
   —Commissioner Nathan Houdek (WI)

5. Any Other Matters Brought Before the Committee
   —Commissioner Nathan Houdek (WI)

Adopted by the Executive (EX) Committee and Plenary, Nov. 17, 2026
Adopted by the Financial Condition (E) Committee, Oct. 29, 2026

2027 Charges

FINANCIAL CONDITION (E) COMMITTEE

The mission of the Financial Condition (E) Committee is to be the central forum and coordinator of solvency-related considerations of the NAIC relating to accounting practices and procedures; blanks; investment risk~~valuation~~ of securities; financial analysis and solvency; multistate examinations and examiner and analysis training; and issues concerning insurer insolvencies and insolvency guarantees. In addition, the Committee interacts with the technical task forces.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Financial Condition (E) Committee** will:
   A. Monitor all of the changes to the annual/quarterly financial statement blanks and instructions, risk-based capital (RBC) formulas, *Financial Condition Examiners Handbook*, *Accounting Practices and Procedures Manual* (AP&P Manual), *Financial Analysis Handbook*, *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), NAIC model laws, NAIC accreditation standards, and other NAIC publications.
   B. Appoint and oversee the activities of the following: Accounting Practices and Procedures (E) Task Force; Capital Adequacy (E) Task Force; Financial Stability (E) Task Force; Solvency ~~xamination~~ Oversight (E) Task Force; Receivership and Insolvency (E) Task Force; Reinsurance (E) Task Force; and Invested Assets (E) Task Force.
   C. Oversee the implementation of the NAIC's "Framework for Regulation of Insurer Investments – A Holistic Review," ensuring that updates or reviews of the Risk-Based Capital (RBC) framework align with the Framework's principles and take into consideration insurers evolving role of the insurance sector in financing the economy and reducing the protection gap.
   D. Oversee and discuss with the task forces and working groups material changes to the solvency system ~~a process~~ to address financial issues and emerging risks that may compromise the integrity, consistency and uniformity of the U.S. state based solvency framework~~, referring valuation and other issues to the appropriate committees as needed~~.
   E. Use the Solvency Oversight ~~Risk-Focused Surveillance~~ (E) Task Force~~Working Group~~ to address specific industry concerns regarding regulatory redundancy, and review any issues that industry subsequently escalates to the Committee.

2. The **Financial Analysis (E) Working Group** will:
   A. Analyze nationally significant insurers and groups that exhibit characteristics of trending toward or being financially troubled; determine if appropriate action is being taken.
   B. Interact with domiciliary regulators and lead states to assist and advise as to what might be the most appropriate regulatory strategies, methods, and action(s).
   C. Support, encourage, promote, and coordinate multistate efforts in addressing solvency problems, including identifying adverse industry trends.
   D. Increase information-sharing and coordination between state insurance regulators and federal authorities, including through representation of state insurance regulators in national bodies with responsibilities for system-wide oversight.
   E. Collaborate with the Valuation Analysis (E) Working Group, and the Investment Analysis (E) Working Group, to address issues, as appropriate.
   ~~D.~~F. Make referrals to other NAIC committee groups to address issues, as appropriate.

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FINANCIAL CONDITION (E) COMMITTEE *(Continued)*

3. The **Group Capital Calculation (E) Working Group** will:
   A. Continually review and monitor the effectiveness of the group capital calculation (GCC), and consider revisions, as necessary, to maintain the effectiveness of its objective under the U.S. solvency system.
   B. Liaise, as necessary, with the International Insurance Relations (G) Committee on international group capital developments, and consider input from participation of U.S. state insurance regulators in the International Association of Insurance Supervisors (IAIS) monitoring process.

4. The **Group Solvency Issues (E) Working Group** will:
   A. Continue to develop potential enhancements to the current regulatory solvency system as it relates to group solvency-related issues.
   B. Critically review and provide input and drafting on IAIS material dealing with group supervision issues and identify best practices in group supervision emerging from the IAIS Supervisory Forum.
   C. Continually review and monitor the effectiveness of the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450), and consider revisions, as necessary, to maintain effective oversight of insurance groups.

5. The **Own Risk and Solvency Assessment (ORSA) Implementation (E) Subgroup** of the Group Solvency Issues (E) Working Group will:
   A. Continue to provide and enhance an enterprise risk management (ERM) education program for state insurance regulators in support of the ORSA implementation.
   B. Continually review and monitor the effectiveness of the *Risk Management and Own Risk and Solvency Assessment Model Act* (#505) and its corresponding *NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual* (ORSA Guidance Manual); consider revisions as necessary.

6. The **Mutual Recognition of Jurisdictions (E) Working Group** will:
   A. Oversee the process for evaluating jurisdictions, and maintain a listing of jurisdictions that meet the NAIC requirements for recognizing and accepting the NAIC GCC.
   B. Maintain the *NAIC List of Qualified Jurisdictions* and the *NAIC List of Reciprocal Jurisdictions* in accordance with the *Process for Evaluating Qualified and Reciprocal Jurisdictions*.

~~7. The **NAIC/American Institute of Certified Public Accountants (AICPA) (E) Working Group** will:~~
   ~~A. Continually review the *Annual Financial Reporting Model Regulation* (#205) and its corresponding implementation guide; revise as appropriate.~~
   ~~B. Address financial solvency issues by working with the AICPA and responding to AICPA exposure drafts.~~
   ~~C. Monitor the federal Sarbanes-Oxley (SOX) Act of 2002, as well as rules and regulations promulgated by the U.S. Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB), and other financial services regulatory entities.~~
   ~~D. Review annually the premium threshold amount included in Section 16 of Model #205, with the general intent that those insurers subject to the Section 16 requirements would capture at least approximately 90% of industry premium and/or in response to any future regulatory or market developments.~~

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FINANCIAL CONDITION (E) COMMITTEE *(Continued)*

~~8.~~7. The **National Treatment and Coordination (E) Working Group** will:

A. Increase utilization and implementation of the *Company Licensing Best Practices Handbook*.
B. Encourage synergies between corporate changes/amendments and rate and form filing review and approval to improve efficiency.
C. Continue to monitor the usage and make necessary enhancements to the Form A Database.
D. Maintain educational courses in the existing NAIC Insurance Regulator Professional Designation Program for company licensing regulators.
E. Make necessary enhancements to promote electronic submission of all company licensing applications.

~~9.~~8. The **Reciprocal Exchanges (E) Working Group** will:

A. Modify the NAIC *Insurance Holding Company System Regulatory Act* (Model #440) and/or the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450) to clarify that regardless of definitions of control and affiliation, fees charged by insurers from the attorney in fact are subject to fair and reasonable standards and subject to approval by the Commissioner and under no circumstances should they exceed the cost of such services plus a reasonable profit.

~~10. The **Risk-Focused Surveillance (E) Working Group** will:~~

~~A. Continually review the effectiveness of risk-focused surveillance, and develop enhancements to processes as necessary.~~
~~B. Continually review regulatory redundancy issues identified by interested parties, and provide recommendations to other NAIC committee groups to address as needed.~~
~~C. Oversee and monitor the Peer Review Program to encourage consistent and effective risk-focused surveillance processes.~~
~~D. Continually maintain and update standardized job descriptions/requirements and salary range recommendations for common solvency monitoring positions to assist insurance departments in attracting and maintaining suitable staff.~~

~~11.~~9. The **Risk Retention Group (E) Working Group** will:

A. Operate in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, and in open session when discussing public RRG topics and policy issues.
B. Monitor and evaluate the work of other NAIC committees, task forces, and working groups that may affect the filing requirements or compliance of RRGs (e.g., actions that affect compliance with the NAIC Financial Regulation Standards and Accreditation Program).
C. Provide a forum for discussion of current and emerging RRG issues and topics.
D. Interact with domiciliary regulators and registered states to assist and advise on the most appropriate regulatory strategies, methods, and action(s).
E. Support, encourage, and promote efforts to address solvency concerns, including identifying adverse industry trends.
F. Review and analyze annual and quarterly financial results.
G. Provide ongoing maintenance and enhancements to the *Risk Retention and Purchasing Group Handbook* and related resources.
H. Develop best practice guides on licensing and registering RRGs.
I. Monitor federal activities related to RRGs, including legislation related to the Liability Risk Retention Act of 1986 (LRRA), and ensure all interested parties are informed.
J. Monitor the resources available to domiciliary and non-domiciliary state insurance regulators of RRGs including educational programs or enhancements or the development of new resources.
K. Develop or amend relevant NAIC model laws, regulations, and guidelines.

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~~12.~~10. The **Valuation Analysis (E) Working Group** will:

A. Work with NAIC resources to assist in prioritizing and responding to issues and questions regarding principle-based reserves (PBR) and asset adequacy analysis, including actuarial guidelines or other requirements.
B. Develop and implement a plan to coordinate PBR reviews/examinations for VM-20, VM-21, and VM-22.
C. Review, on a targeted basis, asset adequacy analysis filings for *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55), and coordinate with states as appropriate.
D. Review, on a targeted basis, asset adequacy analysis filings for *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53), and coordinate with states as appropriate.
E. Review, on a targeted basis, long-term care (LTC) reserve adequacy filings for *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* (AG 51), and coordinate with states as appropriate.
F. Provide a confidential forum to address questions/issues regarding PBR and asset adequacy analysis, as well as related reinsurance ~~risk transfer~~ issues, and make referrals, as appropriate, to other NAIC regulator groups.
G. Refer questions/issues, as appropriate, to the Life Actuarial (A) Task Force that may require consideration of changes/interpretations to be provided in the *Valuation Manual* or related actuarial guidelines.
H. Assist NAIC resources in the use of models and other analytical tools to support the review of PBR/asset adequacy analysis.
I. Make referrals, as appropriate, to the Financial Analysis (E) Working Group.
J. Coordinate with the Reinsurance (E) Task Force, the Invested Assets (E) Task Force, Financial Analysis (E) Working Group and other NAIC task forces and groups to address issues, as appropriate.
K. Perform other work to carry out the Valuation Analysis (E) Working Group procedures.

NAIC Support Staff: Dan Daveline/Julie Gann/Bruce Jenson

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Adopted by the Executive (EX) Committee and Plenary, Nov. 17, 2026
Adopted by the Financial Condition (E) Committee, Oct. 29, 2026
Adopted by the Accounting Practices and Procedures (E) Task Force, August 13, 2026

2027 Charges

ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE

The mission of the Accounting Practices and Procedures (E) Task Force is to identify, investigate, and develop solutions to accounting problems with the ultimate goal of guiding insurers in properly accounting for various aspects of their operations; modify the *Accounting Practices and Procedures Manual* (AP&P Manual) to reflect changes necessitated by Task Force action; and study innovative insurer accounting practices that affect the ability of state insurance regulators to determine the true financial condition of insurers.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Accounting Practices and Procedures (E) Task Force** will:
   A. Oversee the activities of the Blanks (E) Working Group and the Statutory Accounting Principles (E) Working Group.

2. The **Blanks (E) Working Group** will:
   A. Consider improvements and revisions to the various annual/quarterly statement blanks to:
      i. Conform these blanks to changes made in other areas of the NAIC to promote uniformity in reporting of financial information by insurers.
      ii. Develop reporting formats for other entities subject to the jurisdiction of state insurance departments.
      iii. Conform the various NAIC blanks and instructions to adopted NAIC policy.
      iv. Oversee the development of additional reporting formats within the existing annual financial statements as needs are identified.
   B. Continue to monitor state filing checklists to maintain current filing requirements.
   C. Continue to monitor and improve the quality of financial data filed by insurance companies by recommending improved or additional language for the *Annual Statement Instructions*.
   D. Continue to monitor and review all proposals necessary for the implementation of statutory accounting guidance to ensure proper implementation of any action taken by the Accounting Practices and Procedures (E) Task Force affecting annual financial statements and/or instructions.
   E. Continue to coordinate with other task forces of the NAIC to ensure proper implementation of reporting and instructions changes as proposed by these taskforces.
   F. Coordinate with the applicable task forces and working groups as needed to avoid duplication of reporting within the annual and quarterly statement blanks.
   G. Consider proposals presented that would address duplication in reporting, eliminate data elements, financial schedules and disclosures that are no longer needed, and coordinate with other NAIC task forces and working groups if applicable, to ensure revised reporting still meets the needs of regulators.
   H. Review requests for investment schedule blanks and instructions changes in connection with the work being performed by the Capital Adequacy (E) Task Force and its working groups.
   I. Review changes requested by the Invested Assets (E) Task Force or its working groups~~Valuation of Securities (E) Task Force~~ relating to its work on other invested assets reporting for technical consistency within the investment reporting schedules and instructions.

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ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE *(Continued)*

3. The **Statutory Accounting Principles (E) Working Group** will:
   A. Maintain codified statutory accounting principles by providing periodic updates to the guidance that address new statutory issues and new U.S. generally accepted accounting principles (GAAP) pronouncements. Provide authoritative responses to questions of application and clarifications for existing statutory accounting principles. Report all actions and provide updates to the Accounting Practices and Procedures
   (E) Task Force.
   B. At the discretion of the Working Group chair, develop comments on exposed U.S. GAAP and International Financial Reporting Standards (IFRS) pronouncements affecting financial accounting and reporting. Any comments are subject to review and approval by the chairs of the Accounting Practices and Procedures (E) Task Force and the Financial Condition (E) Committee.
   C. Coordinate with the Life Actuarial (A) Task Force on changes to the AP&P Manual related to the *Valuation Manual* VM-A, Requirements, and VM-C, Actuarial Guidelines, as well as other *Valuation Manual* requirements. This process will include the receipt of periodic reports on changes to the *Valuation Manual* on items that require coordination.
   D. Obtain, analyze, and review information on permitted practices, prescribed practices, or other accounting treatments suggesting that issues or trends occurring within the industry may compromise the consistency and uniformity of statutory accounting, including, but not limited to, activities conducted by insurers for which there is currently no statutory accounting guidance or where the states have prescribed statutory accounting that differs from the guidance issued by the NAIC. Use this information to consider possible changes to statutory accounting.
   ~~D.~~E. Continually review the *Annual Financial Reporting Model Regulation* (#205) and its corresponding implementation guide; revise as appropriate.
   ~~E.~~F. Monitor the federal Sarbanes-Oxley (SOX) Act of 2002, as well as rules and regulations promulgated by the U.S. Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB), and other financial services regulatory entities.
   G. Review annually the premium threshold amount included in Section 16 of Model #205, with the general intent that those insurers subject to the Section 16 requirements would capture at least approximately 90% of industry premium and/or in response to any future regulatory or market developments.

NAIC Support Staff: Robin Marcotte

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Adopted by the Executive (EX) Committee and Plenary, Nov. 17, 2026
Adopted by the Financial Condition (E) Committee, Oct. 29, 2026
Adopted by the Capital Adequacy (E) Task Force, August 4, 2026

2027 Charges

CAPITAL ADEQUACY (E) TASK FORCE

The mission of the Capital Adequacy (E) Task Force (CADTF) is to determine the amount of capital an insurer should be required to hold to avoid triggering various specific regulatory actions. It pursues that objective through the Risk-Based Capital formula, which largely consists of a series of risk factors that are applied to selected assets, liabilities, or other specific company financial data to establish the threshold levels generally needed to bear the risk arising from that item. ~~The mission of the Capital Adequacy (E) Task Force is to evaluate and recommend appropriate refinements to capital requirements for all types of insurers.~~

Ongoing Support of NAIC Programs, Products, or Services

1. To carry out its mission, the Task Force is charged with carrying out the following initiatives: ~~The **Capital Adequacy (E) Task Force** will:~~

   Evaluate emerging "risk" issues for referral to the RBC working groups/subgroups for certain issues involving more than one RBC formula.

   B. Monitor emerging and existing risks relative to their consistent or divergent treatment in the three RBC formulas.

   C. Review and evaluate company submissions for the schedule and corresponding adjustment to total adjusted capital (TAC).

   D. Monitor changes in accounting and reporting requirements resulting from the adoption and continuing maintenance of the Accounting Practices and Procedures Manual, Annual Statement Blanks, and the Valuation Manual to ensure that model laws, publications, formulas, analysis tools, etc., supported by the Task Force are aligned with each other and continue to meet regulatory objectives.

   E. Monitor and evaluate changes to the Purposes and Procedure Manual of the NAIC Investment Analysis Office to determine if assets or, specifically, investments evaluated by the NAIC Securities Valuation Office are relevant to the RBC formula in determining the threshold capital and surplus for all insurance companies or whether reporting and analytical tools available to the regulator are more appropriate means to address the risk.

   F. Evaluate refinements to the existing NAIC RBC formula and consider improvements and revisions to the various RBC Blanks to (1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity (when it is determined to be necessary); and (2) oversee the development of additional reporting formats within the existing RBC Blanks as needs are identified.

   G. Continually review the RBC instructions, blanks and forecastings and revise as appropriate.

   ~~A. Evaluate application of the Risk-Based Capital (RBC) formula and emerging "risk" issues for referral to the risk-based capital (RBC) working groups/subgroups for certain issues involving more than one RBC formula. Monitor emerging and existing risks relative to their consistent or divergent treatment in the three RBC formulas.~~

   ~~B. Review and evaluate company submissions for the schedule and corresponding adjustment to total adjusted capital (TAC).~~

   ~~C. Evaluate relevant historical data, and apply defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to the current asset risk structure and factors in each of the RBC formulas.~~

   ~~D.~~A. ~~Continually review the RBC instructions, blanks and forecasting and revise as appropriate.~~

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CAPITAL ADEQUACY (E) TASK FORCE *(continued)*

2. The **Health Risk-Based Capital (E) Working Group**, **Life Risk-Based Capital (E) Working Group**, and **Property and Casualty Risk-Based Capital (E) Working Group** will:
   A. Evaluate refinements to the existing NAIC RBC formulas and consider improvements and revisions to the RBC Blanks to (1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity (when it is determined to be necessary); and (2) oversee the development of additional reporting formats within the existing RBC Blanks as needs are identified.~~Evaluate refinements to the existing NAIC RBC formulas implemented in the prior year.~~
   B. ~~Consider improvements and revisions to the various RBC blanks to: 1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity; and 2) oversee the development of additional reporting formats within the existing RBC blanks as needs are identified.~~ Any proposal that affects the RBC structure must be adopted by CADTF no later than May 15 of the reporting year, and any proposal that affects a non-structural change to the RBC Blanks, RBC factors and/or instructions must be adopted by CADTF no later than June 30 of the reporting year. Adopted changes will be forwarded to the Financial Condition (E) Committee by the next scheduled meeting. Any adoptions made to the annual financial statement blanks or statutory accounting principles that affect an RBC change adopted by June 30 and result in an amended change may be considered by and adopted by CADTF no later than July 30, where the Capital Adequacy (E) Task Force votes to pursue by two-thirds consent of members.
   C. Monitor changes in accounting and reporting requirements resulting from the adoption and continuing maintenance of the revised *Accounting Practices and Procedures Manual* (AP&P Manual), Annual Statement Blanks, and the Valuation Manual to ensure that model laws, publications, formulas, analysis tools, etc., supported by the Task Force continue to meet regulatory objectives.
   ~~D. Review the effectiveness of the NAIC's RBC policies and procedures as they affect the accuracy, audit ability, timeliness of reporting access to RBC results, and comparability between the RBC formulas. Report on data quality problems in the prior year RBC filings at the summer and fall national meetings.~~

3. The **Longevity Risk (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
   A. Provide recommendations for recognizing longevity risk in statutory reserves and/or risk-based capital (RBC), as appropriate.
   ~~A. Provide recommendations for the appropriate treatment of longevity risk transfers by the new longevity factors.~~

~~4. The **Variable Annuities Capital and Reserve (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:~~
   ~~A. Monitor the impact of the changes to the variable annuities reserve framework and RBC calculation, and determine if additional revisions need to be made.~~
   ~~B. Develop and recommend appropriate changes, including those to improve accuracy and clarity of variable annuity (VA) capital and reserve requirements.~~

~~5.~~4. The **Catastrophe Risk (E) Subgroup** of the Property and Casualty Risk-Based Capital (E) Working Group will:
   A. Recalculate the premium risk factors on an ex-catastrophe basis, if needed.
   B. Continue to update the U.S. and non-U.S. catastrophe event list.
   C. Continue to evaluate the need for exemption criteria for insurers with minimal risk.
   D. Evaluate the RBC results inclusive of a catastrophe risk charge.
   E. Refine instructions for the catastrophe risk charge.
   F. Continue to evaluate any necessary refinements to the catastrophe risk formula.
   G. Evaluate other catastrophe risks for possible inclusion in the charge.

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CAPITAL ADEQUACY (E) TASK FORCE *(continued)*

~~6.~~5. The **Risk-Based Capital Investment Risk and Evaluation (E) Working Group** will:

A. Perform a comprehensive review of the RBC investment framework for all business types, which could include:

1. Evaluating relevant historical data and applying defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to current asset risk structure and factors (e.g. C-1o and C1-cs).
2. Facilitating coordination and alignment among NAIC committees/task forces/working groups related to its work in reviewing current asset risk framework.
3. Assessing the impact and effectiveness of potential changes in contributing to the identification of weakly capitalized companies; i.e., those companies at action levels.
~~3.~~4. Monitor and evaluate changes to the Purposes and Procedure Manual of the NAIC Investment Analysis Office to determine if assets or, specifically, investments evaluated by the NAIC Securities Valuation Office are relevant to the RBC formula in determining the threshold capital and surplus for all insurance companies or whether reporting and analytical tools available to the regulator are more appropriate means to address the risk.

~~7.~~6. The **Generator of Economic Scenarios (GOES) (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:

A. Monitor that the economic scenario governance framework is being appropriately followed by all relevant stakeholders involved in scenario delivery.
B. Review material economic scenario generator updates, either driven by periodic model maintenance or changes to the economic environment and provide recommendations.
C. Regularly review key economic conditions and metrics to evaluate the need for off-cycle or significant economic scenario generator updates and maintain a public timeline for economic scenario generator updates.
D. Support the implementation of an economic scenario generator for use in statutory reserve and capital calculations.
E. Develop and maintain acceptance criteria that reflect history as well as plausibly more extreme scenarios.

NAIC Support Staff: Eva Yeung/Maggie Chang

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Adopted by the Financial Condition (E) Committee, Oct. 29, 2026
Adopted by the Examination Oversight (E) Task Force, Oct 9, 2026

2027 Charges

SOLVENCY~~EXAMINATION~~ OVERSIGHT (E)

TASK FORCE

The mission of the Solvency Oversight (E) Task Force is to oversee the NAIC's solvency monitoring process by providing strategic direction and coordination to its subordinate groups. The Task Force also monitors financial examination timeliness, and maintains standardized job descriptions, position requirements, and salary range recommendations for common solvency monitoring roles. Through these responsibilities, the Task Force promotes consistent, effective, and coordinated solvency monitoring for financial analysis and financial examination functions among state insurance regulators.~~The mission of the Examination Oversight (E) Task Force is to monitor, develop, and implement tools for the risk-focused surveillance process. For financial examinations and analysis, this includes maintenance of the *Financial Condition Examiners Handbook* and the *Financial Analysis Handbook* to provide guidance to examiners and analysts using a risk-focused approach to solvency regulation and to encourage effective communication and coordination between examiners, analysts, and other regulators. In addition, the mission of the Task Force is to: monitor and refine regulatory tools of the risk-focused surveillance process, including Financial Analysis Solvency Tools (FAST) such as company profiles and the FAST ratio scoring system; oversee financial examiner and analyst use of electronic software tools; monitor the progress of coordination efforts among the states in conducting examinations and the sharing of information necessary to solvency monitoring; establish procedures for the flow of information between the states about troubled companies; maintain an effective approach to the review of information technology (IT) general controls; and monitor the timeliness of financial examinations.~~

Ongoing Support of NAIC Programs, Products, or Services

1. The Solvency~~**Examination**~~ **Oversight (E) Task Force** will:
   A. Oversee the work of the following subordinate groups~~Accomplish its mission using the following groups~~:
      ~~i. Electronic Workpaper (E) Working Group.~~
      ~~ii.~~i. Financial Analysis Solvency Tools (E) Working Group.
      ~~iii.~~ii. Financial Examiners Coordination (E) Working Group.
      ~~iv.~~iii. Financial Examiners Handbook (E) Technical Group.
      ~~v.~~iv. Information Technology (IT) Examination (E) Working Group.

2. The **Electronic Workpaper (E) Working Group** will:
   A. Monitor and support the state insurance departments in using electronic workpaper software tools to conduct and document solvency monitoring activities.
   B. Provide ongoing oversight to the transition of electronic workpaper work to the TeamMate+ application.
   C. Monitor state insurance regulator use of TeamMate+ to proactively identify best practices and improvements to the application, as necessary.

3. The **Financial Analysis Solvency Tools (E) Working Group** will:
   A. Provide ongoing maintenance and enhancements to the *Financial Analysis Handbook* and related applications for changes to the NAIC annual/quarterly financial statement blanks, for input from other regulators, and for the work of, or referrals from, other NAIC committees, task forces, and working groups to develop enhancements to risk-focused analysis and monitoring of the financial condition of insurance companies and groups.

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EXAMINATION OVERSIGHT (E) TASK FORCE *(Continued)*

B. Provide ongoing development maintenance and enhancements to the automated financial solvency tools and electronic workpaper software tools that ~~developed to~~ assist in conducting risk-focused analysis and monitoring the financial condition of insurance companies and groups. Prioritize and perform analysis to ensure that the tools remain reliable and accurate.

~~C.~~ Coordinate with the Financial Examiners Handbook (E) Technical Group ~~and the Risk-Focused Surveillance~~ ~~D.~~C. ~~(E) Working Group~~, as appropriate, to develop and maintain guidance in order to provide effective solvency monitoring.

4. The **Financial Examiners Coordination (E) Working Group** will:
   A. Develop enhancements that encourage the coordination of examination activities regarding holding company groups.
   B. Promote coordination by assisting and advising domiciliary regulators and exam coordinating states ~~as to what might be the most~~ on appropriate regulatory strategies, methods, and actions regarding financial examinations of holding company groups.
   C. Facilitate communication among regulators regarding common practices and issues arising from coordinating examination efforts.
   D. Provide ongoing maintenance and enhancements to the Financial Examination Electronic Tracking System (FEETS).
   ~~D.~~E. Monitor and support the state insurance departments in using electronic workpaper software tools to conduct coordinated examinations.

5. The **Financial Examiners Handbook (E) Technical Group** will:
   A. Provide ongoing maintenance and enhancements to ~~Continually review~~ to the *Financial Condition Examiners Handbook* and ~~,~~ as applicable, electronic workpaper software tools based on input from other regulators and the work of, or referrals from, other NAIC committees, task forces, and working groups to support risk-focused examinations. ~~revise, as appropriate.~~
   ~~B. Coordinate with the Risk-Focused Surveillance (E) Working Group to monitor the implementation of the risk- assessment process by developing additional guidance and exhibits within the *Financial Condition Examiners Handbook*, including consideration of potential redundancies affected by the examination process, corporate governance, and other guidance as needed to assist examiners in completing financial condition examinations.~~
   ~~C.~~B. Coordinate with the Financial Analysis Solvency Tools (E) Working Group ~~and the Risk-Focused Surveillance (E) Working Group~~, as appropriate, to develop and maintain guidance in order to provide effective solvency monitoring.
   C. Coordinate with the IT Examination (E) Working Group and the Financial Examiners Coordination (E) Working Group to maintain specialized areas of guidance within the *Financial Condition Examiners Handbook* related to the charges of these specific working groups.
   D. Coordinate with the American Institute of Certified Public Accountants (AICPA) regarding examination workpaper access issues.

6. The **Information Technology (IT) Examination (E) Working Group** will:
   A. Continually review, develop, and revise guidance in the *Financial Condition Examiners Handbook* and other related tools, as needed, to address information technology risks.
   B. Coordinate with the Cybersecurity (H) Working Group to monitor cybersecurity trends, including emerging and/or ongoing vulnerabilities, and develop guidance within the *Financial Condition Examiners Handbook* or other tools, if deemed necessary, to support IT examiners.

NAIC Support Staff: Bailey Henning

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Adopted by the Executive (EX) Committee and Plenary, Nov. 17, 2026
Adopted by the Financial Condition (E) Committee, Oct. 29, 2026
Adopted by the Financial Stability (E) Task Force, Oct. 7, 2026

2027 Charges

FINANCIAL STABILITY (E) TASK FORCE

The mission of the Financial Stability (E) Task Force is to consider issues concerning domestic or global financial stability as they pertain to the role of state insurance regulators.

Ongoing Support of NAIC Program, Products, or Services

1. The **Financial Stability (E) Task Force** will:
   A. Manage the macroprudential supervisory component of the NAIC financial solvency framework.
      i. Monitor the U.S. insurance industry's macroprudential risk levels.
      ii. Maintain macroprudential regulatory tools.
      iii. Identify data gaps and enhanced disclosure needs for the statutory financial statement and/or other reporting mechanisms.
      iv. Propose enhancements and/or additional supervisory measures to the Financial Condition (E) Committee or other relevant committees, and consult with such committees on implementation.
   B. Monitor U.S. macroprudential policy issues, and respond as appropriate.
      i. Support and work with the state insurance regulator representative to the Financial Stability Oversight Council (FSOC) to address confidential FSOC or other federal agency macroprudential work.
      ii. Participate in public FSOC or other federal agency macroprudential work.
   C. Monitor international macroprudential policy issues, and participate/respond as appropriate.
      i. Coordinate with the International Insurance Relations (G) Committee to address International Association of Insurance Supervisors (IAIS) or other international macroprudential work.

2. The **Macroprudential (E) Working Group** will:
   A. Oversee the implementation and maintenance of the Liquidity Stress Testing Framework (LST Framework).
   B. Monitor domestic and global activities including those enumerated in the "Plan for the List of Macroprudential Working Group (MWG) Considerations document.
   C. Develop and implement a comprehensive process to assess the direct and indirect insurance industry's interconnectedness with other sectors of the economy, including the identification of risk-transmission channels and the buildup of risks that could contribute to contagion. ~~Execute the original Macroprudential Initiative (MPI) projects related to counterparty disclosures and capital stress testing.~~
   D. Continue to develop and administer data collection tools as needed, leveraging existing data where feasible, to provide the Financial Stability (E) Task Force with meaningful macroprudential information regarding how the insurance sector is navigating the prevailing market conditions.
   E. Oversee the development, implementation, and maintenance process for a new Macroprudential Risk Assessment system (i.e., policies, procedures, and tools) to enhance regulators' ability to monitor industry trends from a macroprudential perspective.
   F. Oversee the documentation of the NAIC's macroprudential policies, procedures, and tools.
   G. Provide the Task Force with updates to IAIS and other international initiatives as needed.

NAIC Support Staff: Tim Nauheimer/Todd Sells

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Adopted by the Executive (EX) Committee and Plenary, Nov. 17, 2026
Adopted by the Financial Condition (E) Committee, Oct. 29, 2026
Adopted by the Receivership and Insolvency (E) Task Force, Oct. 27, 2026

2027 Charges

RECEIVERSHIP AND INSOLVENCY (E) TASK FORCE

The mission of the Receivership and Insolvency (E) Task Force is to be administrative and substantive as it relates to issues concerning insurer insolvencies and insolvency guarantees. Such duties include, without limitation: 1) monitoring the effectiveness and performance of the state administration of receiverships and the state guaranty fund system; 2) coordinating cooperation and communication among state insurance regulators, receivers, and guaranty funds; 3) monitoring ongoing receiverships and reporting on such receiverships to NAIC members; 4) developing and providing educational and training programs in the area of insurer insolvencies and insolvency guarantees to state insurance regulators, professionals, and consumers; 5) developing and monitoring relevant model laws, guidelines, and products; and 6) providing resources for state insurance regulators and professionals to promote efficient operations of receiverships and guaranty funds.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Receivership and Insolvency (E) Task Force** will:
   A. Monitor and promote efficient operations of insurance receiverships and guaranty associations, including discussion of significant cases that affect the administration of receivership.
   B. Monitor and promote state adoption of insurance receivership and guaranty association model acts and regulations, and monitor other legislation related to insurance receiverships and guaranty associations.
   C. Review and provide recommendations on any issues identified that may affect states' receivership and guaranty association laws (e.g., any issues that arise as a result of market conditions, insurer insolvencies, federal rulemaking and studies, international resolution initiatives, or the work performed by or referred from other NAIC committees, task forces, and/or working groups).
   ~~C.~~D. Provide input and comments to the International Association of Insurance Supervisors (IAIS), the Financial Stability Board (FSB), and other related groups on issues regarding international resolution authority.
   ~~D.~~E. Monitor, review, and provide input on federal rulemaking and studies related to insurance receiverships.
   ~~E.~~F. Provide an ongoing review of the *Receiver's Handbook for Insurance Company Insolvencies* (Receiver's Handbook), other related NAIC publications, and the Global Receivership Information Database (GRID), and make any necessary updates.
   ~~F.~~G. Monitor the work of other NAIC committees, task forces, and working groups to identify and address any issues that affect receivership law and/or regulatory guidance.
   ~~G.~~H. Perform additional work as directed by the Financial Condition (E) Committee and/or received through referrals by other groups.

2. The **Receivership Financial Analysis (E) Working Group** will:
   A. Monitor receiverships involving nationally significant insurers/groups to support, encourage, promote, and coordinate multistate efforts in addressing problems.
   B. Interact with the Financial Analysis (E) Working Group, domiciliary regulators, and lead states to assist and advise on the most appropriate regulatory strategies, methods, and/or action(s) regarding potential or pending receiverships.

~~3. The **Receivership Law (E) Working Group** will:~~
   ~~A. Review and provide recommendations on any issues identified that may affect states' receivership and guaranty association laws (e.g., any issues that arise as a result of market conditions; insurer insolvencies; federal rulemaking and studies; international resolution initiatives; or the work performed by or referred~~

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~~from other NAIC committees, task forces, and/or working groups).~~

~~B. Discuss significant cases that may affect the administration of receiverships.~~

NAIC Support Staff: Jane Koenigsman

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Adopted by the Executive (EX) Committee and Plenary, Nov. 17, 2026
Adopted by the Financial Condition (E) Committee, Oct. 29, 2026
Adopted by the Reinsurance (E) Task Force, Sept 16, 2026

2027 Charges

REINSURANCE (E) TASK FORCE

The mission of the Reinsurance (E) Task Force is to monitor and coordinate activities and areas of interest that overlap to some extent the charges of other NAIC groups—specifically, the International Insurance Relations (G) Committee.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Reinsurance (E) Task Force** will:
   A. Provide a forum for the consideration of reinsurance-related issues of public policy.
   B. Oversee the activities of the Reinsurance Financial Analysis (E) Working Group.
   C. Coordinate with the Mutual Recognition of Jurisdictions (E) Working Group on matters regarding reinsurance.
   D. Communicate and coordinate with the Federal Insurance Office (FIO), other federal authorities, and international regulators and authorities on matters pertaining to reinsurance.
   E. Monitor reinsurance-related activities of other task forces and working groups at the NAIC.
   F. Consider any other issues related to Model #785, Model #786, and Model #787.
   G. Monitor the development of international principles, standards, and guidance with respect to reinsurance. This includes, but is not limited to, monitoring the activities of various groups within the International Association of Insurance Supervisors (IAIS), including the Reinsurance and Other Forms of Risk Transfer Subcommittee, the Reinsurance Mutual Recognition Subgroup, and the Reinsurance Transparency Group.
   H. Consider the impact of reinsurance-related federal legislation, including, but not limited to, the federal Nonadmitted and Reinsurance Reform Act (NRRA) and the Federal Insurance Office Act, and coordinate any appropriate NAIC action.
   I. Continue to monitor the impact of reinsurance-related international agreements, including the "Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance" (EU Covered Agreement) and the "Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance" (UK Covered Agreement).

2. The **Reinsurance Financial Analysis (E) Working Group** will:
   A. Operate in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, and operate in open session when discussing certified reinsurance topics and policy issues, such as amendments to the Uniform Application for Certified or Reciprocal Jurisdiction Reinsurers.
   B. Provide advisory support and assistance to states in the review of reinsurance collateral reduction applications. Such a process with respect to the review of applications for reinsurance collateral reduction and qualified jurisdictions should strengthen state regulation and prevent regulatory arbitrage.
   C. Provide a forum for discussion among NAIC jurisdictions of reinsurance issues related to specific companies, entities, or individuals.
   D. Support, encourage, promote, and coordinate multistate efforts in addressing issues related to certified reinsurers, including, but not limited to, multistate recognition of certified or reciprocal jurisdiction reinsurers.

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REINSURANCE (E) TASK FORCE *(Continued)*

E. Provide analytical expertise and support to the states with respect to certified reinsurers, reciprocal jurisdiction reinsurers, and applicants.
F. Provide advisory support with respect to issues related to the determination of qualified jurisdictions.
G. Ensure the public passporting website remains current.

NAIC Support Staff: Jake Stultz/Dan Schelp

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Adopted by the Executive (EX) Committee and Plenary, Nov. 17, 2026
Adopted by the Financial Condition (E) Committee, Oct. 29, 2026
Adopted by the Invested Assets (E) Task Force, Sept. 1, 2026

2027 Proposed Charges

INVESTED ASSETS (E) TASK FORCE

The mission of the Invested Assets (E) Task Force is to provide regulatory leadership and expertise to establish and maintain all aspects of the NAIC's analysis of insurer invested assets.

Ongoing Support of NAIC Programs, Products or Services

1. The **Invested Assets (E) Task Force** will:
   A. Oversee the work of the Credit Rating Provider (E) Working Group, the Investment Analysis (E) Working Group, and the Investment Designation Analysis (E) Working Group.
   B. Provide a forum for education from various parties to regulators on investment products, their performance, and the financial risks for regulatory policy purposes, as well as how regulators may address such risks.
   C. Understand new or evolving investment products that may possess characteristics that pose unique risks to insurers and the industry and coordinate with different NAIC groups of the Financial Condition (E) Committee or other NAIC groups, if necessary, to develop, implement, or advise on investment-related solvency policy changes (e.g., accounting, risk-based capital [RBC], etc.) or procedures within their analysis and examination of insurers subject to such risks.
   D. Support strategic initiatives to modernize the NAIC's investment regulatory framework, including investment data, technology, analytical capabilities, and related business processes, and coordinate implementation among the Credit Rating Provider (E) Working Group, Investment Analysis (E) Working Group, Investment Designation Analysis (E) Working Group, and other applicable NAIC groups.

2. The **Credit Rating Provider (E) Working Group** will:
   A. Identify potential improvements to the filing exempt (FE) process (i.e., using credit rating provider [CRP] ratings to determine an NAIC designation) through ongoing implementation of the CRP due diligence framework to ensure greater consistency, uniformity, and appropriateness to achieve the NAIC's financial solvency objectives.
   B. Implement policies resulting from the CRP due diligence framework related to NAIC committee support administration of rating agency ratings used in NAIC processes, including committee support discretion over the applicability of their use in its administration of FE.
   C. Coordinate with the Investment Designation Analysis (E) Working Group on issues identified from the maintenance of the CRP due diligence framework.

3. The **Investment Analysis (E) Working Group** will:
   A. Monitor the risks associated with all types of invested assets, including collateral loans, mortgage loans, real estate, and Schedule BA investments.
   B. Analyze the details of new or evolving investment products or new investment characteristics that could pose unique risks to insurers and provide recommendations to the Invested Assets (E) Task Force on investment-related solvency policy changes to be made in conjunction with other NAIC groups of the Financial Condition (E) Committee.
   C. Analyze insurers and groups that hold new, evolving, or riskier investments (including those with higher levels of illiquidity, valuation uncertainty or complexity) and advise the state of domicile on applicable risks, either directly or through coordination with the Financial Analysis (E) Working Group or Valuation Analysis (E) Working Group. Where applicable, utilize NAIC committee support ~~staff~~ from

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INVESTED ASSETS (E) TASK FORCE (*Continued*)

the Securities Valuation Office (SVO), the Structured Securities Group (SSG), and the Capital Markets Bureau (CMB) to assist the Working Group with these deliverables.

D. Oversee a revised portfolio analysis product from NAIC committee support ~~staff~~, the CMB ~~r~~Research agenda, and analytical investment reports produced by NAIC for the public.

~~E. Oversee the NAIC's implementation of revised systems designed to improve the availability of various investment data points from existing NAIC databases while also identifying and providing NAIC staff who support this group with at least one investment software package that facilitates portfolio analysis and portfolio modeling.~~

~~F. Monitor information technology and data resource needs to ensure data can be retrieved efficiently and effectively.~~

~~G.~~E. Develop best practice examples of supervisory plans that monitor complex investments where the company and the regulator oversee company-designed risk dashboards on their riskier investment areas/or risk mitigation tracking.

4. The **Investment Designation Analysis (E) Working Group** will:
   A. Review and monitor the operations of the NAIC Securities Valuation Office (SVO) and the NAIC Structured Securities Group (SSG) to ensure they continue to reflect regulatory objectives.
   B. Maintain and revise *the Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to provide solutions for investment-related regulatory issues for existing or anticipated investments.
   C. Monitor changes in accounting and reporting requirements resulting from the continuing maintenance of the *Accounting Practices and Procedures Manual* (AP&P Manual), as well as financial statement blanks and instructions, to ensure that the P&P Manual reflects regulatory needs and objectives.
   D. Provide effective direction to the NAIC's mortgage-backed securities modeling firms and consultants.
   E. Identify potential improvements to the credit filing and designation processes, including formats and electronic system enhancements.
   F. Coordinate with the Invested Assets (E) Task Force, Investment Analysis (E) Working Group, and other NAIC working groups and task forces to formulate recommendations and make referrals to other NAIC regulator groups to ascertain that the purpose and objective of guidance in the P&P Manual is reflective in the guidance of other groups and that the expertise of other NAIC regulatory groups and the objectives of their guidance is reflected in the P&P Manual. Implement additional and alternative ways to measure and report investment risk.

NAIC Committee Support: ~~Dan Daveline,~~ Jim Pinegar, Michele Wong, and Jennifer Vento

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October 8, 2026

Dan Daveline
Director, Financial Regulatory Services
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Via email: ddaveline@naic.org

Re: Comments on the Financial Condition (E) Committee Proposed 2027 Charges

Dear Mr. Daveline,

Athene Holding Ltd. (Athene) appreciates the opportunity to comment on the Financial Condition (E) Committee's proposed 2027 charges. We commend the Committee's work to streamline its structure, consolidate working groups, and clarify referral responsibilities. Those are meaningful steps, and we offer the following comments in the same constructive spirit.

The state-based system is receiving a level of attention it has not seen in some time. That attention makes this an opportune moment to confirm that NAIC member focus on the fundamentals of the system remain strong. Much of the NAIC's work is necessarily technical: risk-based capital (RBC), reserving, accounting, reinsurance, investments, and financial analysis. But the value of that work lies in what it protects: the solvency of insurers and the security of the promises made to policyholders. The 2027 charges are an opportunity to ensure the Committee keeps that larger purpose in view and does not lose the forest for the trees.

We offer two observations and a set of deliberately narrow refinements to the proposed charges intended to address them.

I. The E Committee Should Maintain the System-Wide View

When technical work is developed in isolation, it can lose sight of the underlying solvency risk it was meant to address, and the technical fix becomes an end in itself. The concern is compounded because many NAIC initiatives touch overlapping solvency risks, and several are advancing in parallel across different technical groups. No single group sees the whole picture.

The E Committee, and under the proposed restructuring, the Solvency Oversight (E) Task Force, are uniquely positioned to hold that system-wide view: to keep the technical work tied to foundational solvency, to identify where separate initiatives are addressing the same underlying risk, and to understand the cumulative effect of those initiatives on the framework and on the market. We believe the charges should make that coordinating role explicit.

II. Core Contagion Risks Warrant Explicit Attention

Differences in capital, reserving, accounting, or supervisory treatment can create opportunities for regulatory arbitrage. Such practices rarely remain confined to a single jurisdiction, company, or structure; competitive pressure can cause them to spread and become embedded in market practice. A concession in one place invites similar concessions elsewhere, and each one, over time, can erode the standards the framework depends upon.

These are not abstract concerns. Industry participants and regulators alike have identified recurring sources of such risk, among them offshore reserve and capital concessions, onshore capital arbitrage, and divergent rating-agency treatment of insurer investments. These go directly to the NAIC's core missions of solvency and consumer protection, and Athene is far from alone in focusing on them. The proposed charges do not yet identify this dynamic as a risk for the Committee to monitor, and we believe they should.

III. Proposed Refinements

Consistent with the Committee's streamlining effort, our suggestions are intentionally surgical. In the proposed charge language below, additions to existing charge text are shown underlined; we have not proposed any deletions.

A. Broaden Charge 1.D

Charge 1.D is the natural home for this work. We recommend the following expansion, shown as a redline against the current charge text:

> **D.** Oversee a process to identify and address financial issues and emerging risks that may compromise the integrity, consistency, and uniformity of the U.S. state-based solvency framework, including regulatory arbitrage, contagion risk, and the cumulative effects of parallel regulatory initiatives; distinguishing variations that are immaterial or economically justified from those that genuinely weaken solvency; referring valuation and other issues to the appropriate committees as needed once the underlying concern has been clearly framed.

This keeps the charge tightly focused while directing the Committee to both points above: maintaining the system-wide view and attending to arbitrage and contagion risk. The materiality lens is deliberate; it gives regulators and stakeholders a consistent way to separate meaningful risks from differences that are not, while preserving appropriate regulatory discretion.

B. Preserve the Work of the RBC Model Governance (EX) Task Force

The RBC Model Governance (EX) Task Force has provided a valuable platform for considering capital requirements through both a technical and a policy lens, with commissioner-level

oversight. We support the current proposal to continue that function in a free-standing body, which we believe best preserves its visibility and its direct line to Commissioners.

Should the Committee instead determine that the function be placed within the E Committee, we believe the proposed carry-over charges are appropriate and should be adopted in substance. We would propose adding the following new Committee charges:

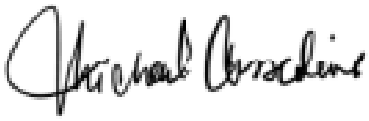
- Continue the ongoing work to identify, prioritize, and address gaps and inconsistencies in the RBC framework, using the RBC Principles and the Investment Framework as the guiding reference.
- Oversee the RBC workstreams across the technical groups, including their coordination, sequencing, and consistency with the RBC Principles.
- Oversee the NAIC's communications regarding the state-based solvency framework and the RBC work underway.

Under either structure the objective is the same: to ensure the substantial progress already made is preserved with clear ownership, continuity of the workplan, and regular reporting to Commissioners, rather than fragmented across technical groups or lost in transition.

Athene supports the NAIC's ongoing efforts to strengthen the state-based solvency framework. A coordinated, materiality-based approach will help ensure those efforts remain fixed on what matters: identifying meaningful risks, preserving appropriate regulatory discretion, and reinforcing confidence in the protections afforded to policyholders.

We appreciate the opportunity to provide these comments and would welcome the opportunity to discuss them further.

Respectfully submitted,



Michael Consedine
Executive Vice President
Global Head of Government and Regulatory Affairs
Athene Holding Ltd.

October 8, 2026
Via Electronic Submission

Commissioner Nathan Houdek, Chair
Members of the Financial Condition (E) Committee
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, Missouri 64106

Re: 2027 Proposed Charges: Request for an Evidentiary Standard, Enforcement Review, and Process Safeguards Before New Capital and Investment Workstreams Proceed

Dear Chair Houdek and Members of the Committee:

Pinpoint Policy Institute is a nonpartisan, pro-growth 501(c)(4) nonprofit organization dedicated to promoting free markets, limited government, and the rule of law.[1] We submit these comments on the Financial Condition (E) Committee's ("Committee") 2027 Proposed Charges ("Charges").[2]

The Charges set the agenda for every task force and working group beneath the Committee, including the groups that set risk-based capital ("RBC") requirements, classify insurer investments, and decide how private credit and affiliated investments are treated. Troublingly, the Charges as drafted would extend the Committee's multi-year expansion of capital and investment regulation without requiring the NAIC to first identify a documented market failure or regulatory deficiency, demonstrate that existing authority is inadequate, or measure what new requirements will cost the policyholders who ultimately pay for them.

That omission would be hard for any regulatory body to justify. It is harder still two weeks after the NAIC told the Ranking Member of the Senate Banking Committee that its continuing modernization of solvency tools "does not reflect an insurance regulatory vacuum requiring enhanced federal guardrails; rather, it reflects the state-based system performing its longstanding function of adapting prudential standards as markets evolve."[3] That letter runs twenty-two pages, the bulk of it describing what regulators have the authority to do; however, almost none of it describes what regulators have found, or what they did when they found it. If the state system is

[1] Pinpoint Policy Institute is a 501(c)(4) organization (EIN 99-2037033). See Pinpoint Policy Institute, About, https://pinpointpolicyinstitute.org/about.

[2] NAIC, 2027 Charges, Financial Condition (E) Committee (draft exposed for comment), https://content.naic.org/sites/default/files/inline-files/2027-proposed-charges.pdf [hereinafter Charges].

[3] Letter from Scott White, NAIC President, Elizabeth Kelleher Dwyer, NAIC President-Elect, Jon Pike, NAIC Vice President, and Michael Wise, NAIC Secretary-Treasurer, to Sen. Elizabeth Warren, Ranking Member, S. Comm. on Banking, Housing, and Urban Affairs (Sept. 24, 2026), at 10, https://content.naic.org/sites/default/files/government-affairs-letter-20260924-warren-exposure-private-credit-equity-funds.pdf [hereinafter NAIC Letter].

working, the Committee should be able to show results before launching new mandates. If it cannot, the problem is not a shortage of rules.

The Charges as drafted pose raises three distinct areas of concern, each of which warrants further examination and revision before adoption:

> The Charges authorize expansion without an evidentiary gate. Charge 1.C commits the Committee to align RBC reviews with a holistic review of insurer investment regulation, across seven task forces, without requiring a problem statement, materiality finding, or cost-benefit analysis for any resulting workstream.
>
> The Charges respond to enforcement failures by expanding rules. The year's most prominent episode, the Delaware Life and Clear Spring restatement, occurred under disclosure rules that already covered the conduct at issue, and it changed no reported capital figure. Higher capital charges would not have caught it. The record of past insurer failures points the same way: the recurring problem is not missing authority but authority left unused or waived.
>
> The process that produces the Charges lacks the accountability its consequences demand. The NAIC sets national capital policy as a private, overwhelmingly industry-funded corporation that does not file IRS Form 990, is not bound by administrative procedure requirements, conducts consequential deliberations behind closed doors, lets individual commissioners waive its standards for individual companies, and, when asked directly by Congress whether it will make its rulemaking more transparent, declined to commit to any change. Those conditions leave the process exposed to political pressure, institutional self-interest, and regulatory capture.

We address each of these points below and close with specific recommended amendments.

The Charges authorize expansion without an evidentiary gate.

Proposed Charge 1.C directs the Committee to oversee implementation of the "Framework for Regulation of Insurer Investments – A Holistic Review," ensuring that RBC updates and reviews align with the Framework's principles and account for the insurance sector's evolving role in financing the economy and reducing the protection gap.[4] The Committee oversees seven task forces, including the Capital Adequacy, Invested Assets, and Financial Stability (E) Task Forces.[5] Nothing in the Charges requires any of them to define the problem it is seeking to solve, demonstrate that the problem reflects a material regulatory deficiency, or estimate what the proposed solution will cost before technical work begins.

The NAIC's own leadership has described the standard the Charges should meet. When it adopted the Framework in 2024, the Committee stated that its investment workstreams "are not meant to be punitive for the sake of being punitive, or to discourage innovation in insurers' investment

[4] Charges, supra note 2, ¶ 1.C.

[5] Id. ¶ 1.B (Accounting Practices and Procedures, Capital Adequacy, Financial Stability, Examination Oversight, Receivership and Insolvency, Reinsurance, and Invested Assets (E) Task Forces).

strategies."[6] Last month, North Dakota Commissioner Jon Godfread, a former NAIC president, put it more directly: "Capital rules should not be assigned to pick winners and losers. Regulation should not become the investment committee." Good regulation, he said, should "create guardrails for strategy, not become the strategy."[7] Charge 1.E likewise directs the Committee to address "specific industry concerns regarding regulatory redundancy."[8] These are acknowledgments that poorly calibrated capital rules have real consequences: higher prices for annuities, life insurance, and retirement products, and less capacity to finance businesses, housing, and infrastructure. A commitment not to pick winners and losers is only as good as the method used to test it. The Charges should turn that commitment into a requirement: no new mandate should proceed without a published cost-benefit and market impact analysis.

The same lack of explanation runs through the Charges' structural changes. NAIC staff drafting notes indicate that the NAIC/AICPA (E) Working Group and the Risk-Focused Surveillance (E) Working Group will be disbanded, their charges moved to other groups, and the Examination Oversight (E) Task Force renamed.[9] Those changes may be sensible, but the exposure draft offers no public rationale for them, and stakeholders are left to infer the reasons from margin comments.

The missing evidentiary gate matters most for private credit, which much of the current debate treats as a single, suspect category regardless of structure or collateral. The NAIC's own data do not support that view. The NAIC told Senator Warren that about 13% of insurer invested assets fall within a broad definition of private credit, that the newer forms attracting greater regulatory attention represent less than 6%, and that life insurers held more than $500 billion of traditional private placement bonds at year-end 2025.[10] Its Capital Markets Bureau describes private placements, bank loans, and middle-market CLOs as asset classes insurers have long held that "generally involve straightforward credit risks and structures."[11] The NAIC's letter states the governing principle plainly: "The regulatory concern is not the label," and related-party involvement "is a risk indicator requiring context; it is not, by itself, evidence that an investment is improper."[12] Commissioner Godfread made the same point, rejecting an "increasingly binary debate" over private credit and concluding that "labels matter less than substance."[13] An agenda built on that principle would evaluate specific structures and risks; an agenda built on labels will produce blunt rules that penalize sound assets along with risky ones. The Charges should bind the Committee to the principle its own leaders have just represented to Congress and the market.

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[6]NAIC, Financial Condition (E) Committee, Framework for Regulation of Insurer Investments – A Holistic Review (Oct. 2024), at Background, https://content.naic.org/sites/default/files/inline-files/Oct%202024%20Investment%20Framework.pdf; see NAIC Letter, supra note 3, at 21.

[7]Rob Leeming, Insurers Need Investment Rules That Look Beyond Asset Labels Says Former Head of the NAIC, Insurance Asset Risk (Sept. 29, 2026) (reporting remarks of Commissioner Jon Godfread at Insurance Risk & Capital Americas 2026).

[8]Charges, supra note 2, ¶ 1.E; see also id. ¶ 10.B.

[9]Id. at 2–3 (staff drafting comments DD1 and DD2).

[10]NAIC Letter, supra note 3, at 18.

[11]NAIC Capital Markets Bureau, Private Credit Analysis of the U.S. Insurance Industry (Sept. 23, 2026), at Executive Summary, https://content.naic.org/sites/default/files/capital-markets-special-reports-private-credit-analysis.pdf.

[12]NAIC Letter, supra note 3, at 11 ("not the label"); id. at 9 ("risk indicator requiring context").

Commissioner Godfread also identified what regulators need first: "better data, more useful disclosures and stress testing that examined how risks interact."[14] That is the right sequence. Data and testing come before new capital charges, not after them.

The Charges respond to enforcement failures by expanding rules.

On September 10, Senator Elizabeth Warren pressed the NAIC on private credit and affiliated-investment risk.[15] Her inquiry followed disclosures by Delaware Life Insurance Company and Clear Spring Life and Annuity Company. In statutory filings released June 26, the companies reported that they had received federal grand jury subpoenas in February 2026 and that an internal review had identified errors in how related-party investments were identified and presented in their 2025 annual statements.[16] Delaware Life restated its related-party holdings from about $1.4 billion, or 3% of invested assets, to more than $17 billion, or at least 39%. Clear Spring corrected about $4.6 billion more.[17] Within that total, Delaware Life's 2025 annual statement reported $79.6 million of affiliated bonds; its second quarter 2026 statement restates the same portfolio, as of the same date, at $13.34 billion.[18]

Pinpoint does not disagree that this episode is serious. Based on public information available to date, all signs indicate the incident is a failure of disclosure and supervision under rules already on the books. The NAIC's own letter to Senator Warren describes how comprehensive those rules were when the 2025 statements were filed: six related-party investment codes have applied to insurer investment schedules since year end 2022; then, in March 2023, regulators clarified that an asset issued by an affiliate, or containing an affiliate's obligation, "remains an affiliated investment notwithstanding technical structuring."[19] Statutory accounting already requires insurers to disclose investments that depend largely on the performance of affiliates.[20] The holding company model law presumes control at 10% of voting securities and lets commissioners find control below that threshold.[21] Further, company officers must certify under oath that their financial statements are complete and accurate, and those statements are independently audited.[22]

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[15]Letter from Sen. Elizabeth Warren, Ranking Member, S. Comm. on Banking, Housing, and Urban Affairs, to Jeffrey C. Johnston, Chief Executive Officer, NAIC (Sept. 10, 2026), https://www.banking.senate.gov/imo/media/doc/202609.10lettertonaicrewalterpeandinsuranceoversight.pdf [hereinafter Warren Letter].

[16]Delaware Life Insurance Co., First Quarter 2026 Statutory Statement, Notes to Financial Statements (filed June 26, 2026), as excerpted in Group 1001's 'Affiliated Transactions' Spark Federal Investigation, Retirement Income Journal (Aug. 1, 2026).

[17]Delaware Life Insurance Faces Scrutiny over Mark Walter-Linked Credit Bets, Beinsure (Aug. 12, 2026) (citing Bloomberg). Other reporting places the corrected Delaware Life figure as high as 42 percent. See Warren Letter, supra note 13, at 2.

[18]Delaware Life Insurance Co., 2025 Annual Statement, Schedule D Summary by Country (page SI05); Delaware Life Insurance Co., Quarterly Statement as of June 30, 2026, General Interrogatory 13.21 (prior-year-end column), and Notes 2 and 10; see Nick Nemeth, An Open Letter to Senator Elizabeth Warren: The NAIC's Answer Doesn't Hold Up, Mispriced Assets (Sept. 27, 2026). Both figures are as of December 31, 2025, at book/adjusted carrying value.

[19]NAIC Letter, supra note 3, at 8–9, 14 (describing Blanks proposal 2021-22BWG and Ref. #2022-15).

[20]Id. at 10–11 (SSAP No. 25; Jurat Page certification; annual independent audit).

[21]Id. at 12 (describing Insurance Holding Company System Regulatory Act (Model #440)).

Every one of those safeguards was in place. None of them caught a misstatement of more than $13 billion in affiliated bonds at a single insurer. Nothing in the public record indicates that the misclassification was identified through ordinary supervision; it came to light only after federal subpoenas prompted the companies' own review.

History points the same way. In 1992, the General Accounting Office examined four large life insurer failures and titled its findings plainly: regulators "failed to respond in [a] timely and forceful manner."[23] In North Carolina, a state court later found that the commissioner had permitted Greg Lindberg's insurers, under a special agreement, to place up to 40% of their admitted assets in affiliated investments, and that the insurers exceeded even that limit.[24] Lindberg was sentenced this year to 12 years in prison for a scheme in which, according to the Justice Department, his companies invested more than $2 billion with his own affiliates while he and others deceived regulators and evaded requirements meant to protect policyholders; he was separately convicted of conspiring to bribe the state's elected insurance commissioner.[25] The failures were not caused by a shortage of rules, they were caused by rules that were waived, unenforced, or circumvented.

The NAIC's response to Senator Warren does not engage with that record. Asked what it had done since learning of the misclassifications, the NAIC replied that it "cannot comment on company-specific supervisory matters" and is "not a state insurance regulator."[26] Asked whether it is checking that other insurers are not engaged in similar conduct, the NAIC described its reporting requirements but did not say that any industry wide review of related-party coding has been undertaken, or what such a review found.[27] Asked whether it has identified other instances of private firms misclassifying or failing to disclose risky investments, NAIC answered in a single sentence that it "is not aware of any material instance."[28]

That answer is difficult to square with the public record. Delaware Life's restatement was public three months earlier and was cited in the letter the NAIC was answering. Lindberg's sentencing for deceiving regulators about affiliated investments occurred four months earlier. And nine days before the NAIC's letter was signed, the South Carolina Department of Insurance petitioned to place two A-Cap insurers into rehabilitation, alleging among other things that they had failed to fully disclose certain investments with affiliates.[29] The director who filed that petition, Michael Wise, is the NAIC's Secretary-Treasurer and one of the four officers who signed the letter to Senator Warren.[30] Utah, whose commissioner, Jon Pike, also signed the letter as NAIC Vice President, had earlier alleged in its own rehabilitation petition that affiliated A-Cap investments

[23]U.S. Gen. Accounting Off., Insurer Failures: Regulators Failed to Respond in Timely and Forceful Manner in Four Large Life Insurer Failures, GAO/T-GGD-92-43 (Sept. 9, 1992).

[24]N.C. Super. Ct., No. 19 CVS 013093, Judgment and Order (May 18, 2022), ¶¶ 22–31.

[25]Press Release, U.S. Dep't of Justice, Owner of Multinational Investment Company Sentenced in $2B Fraud, Money Laundering, and Bribery Schemes (May 26, 2026).

[26]NAIC Letter, supra note 3, at 10.

[27]Id. at 11.

[28]Id. at 17 (Question 7).

[29]Press Release, S.C. Dep't of Ins., SC DOI Director Michael Wise Files Petition to Place ACL and SAR into Rehabilitation (Sept. 15, 2026); Alexandre Rajbhandari, A-Cap Insurers Face South Carolina Claim They're 'Financially Hazardous,' Bloomberg (Sept. 16, 2026), reprinted in Insurance Journal. The companies dispute the petition, and no rehabilitation order has been entered. See A-CAP Provides Update on South Carolina Regulatory Matters, Business Wire (Sept. 28, 2026).

[30]NAIC Letter, supra note 3, at 22.

were not disclosed as related-party transactions in statutory filings.[31] Those allegations are disputed and unadjudicated, but they were made by the letter's own signers. If the NAIC meant some narrower category that excludes these matters, it should say what the category is.

An organization that will not account for how its existing rules were applied, and whose answer to Congress omits matters its own officers are litigating, is poorly positioned to argue that new rules are what the system needs.

The NAIC's letter instead offers a list of new measures as proof that the system adapts. The list itself makes the case for restraint. By the NAIC's own description, the new private investment disclosures and the revised CLO capital factors take effect with year-end 2026 filings; the first AG 55 reinsurance filings were submitted only this year, and review guidance for them remains in draft; AG 53 review priorities for the 2026 cycle are still being set; and the comprehensive review of the RBC framework is ongoing.[32] Senator Warren, from a very different vantage point, reached the same conclusion: many of the NAIC's reforms "are still being implemented, or remain under development."[33] Reforms that have not produced a single year of data cannot have been evaluated. Layering more requirements on top of them before measuring results is not prudent supervision.

The NAIC's letter also overstates the record. In one passage it states that regulators "have adopted" the Credit Rating Provider Due Diligence Framework. Elsewhere in the same letter it acknowledges that the framework was exposed as a draft in May and that NAIC staff and an outside consultant, PwC, have been directed to prepare a revised version.[34] And while the letter assures Congress that regulators are "not attempting to regulate" rating agencies, it explains that the framework will ask of each rating provider: "Are their methodologies reasonable?"[35] As Pinpoint has explained, methodology review of that kind is precisely what federal law withholds from the states and even from the SEC.[36] Underlying policy views aside, it is clear that "[w]e are adapting" is not the same as "the evidence requires this," and a framework described to Congress as adopted when it has not been is not evidence of anything.

The process that produces the Charges lacks basic accountability safeguards.

The Charges are not the work of a government agency. In its letter to Senator Warren, the NAIC described itself as "a standard-setting organization and not a state insurance regulator" that "does not regulate individual insurance companies." Yet the same letter acknowledges that NAIC investment designations are incorporated into state law through the accreditation standards

[31] Verified Petition for Rehabilitation, In re Sentinel Security Life Ins. Co. (Utah, filed Mar. 21, 2025). Utah withdrew the petition following mediation. See Utah Regulators Withdraw Rehabilitation Petition Against A-Cap Insurers, InsuranceNewsNet (May 29, 2025).

[32] NAIC Letter, supra note 3, at 6–8.

[33] Warren Letter, supra note 13, at 3.

[34] NAIC Letter, supra note 3, at 20 ("have adopted"); id. at 14 (draft exposed May 4, 2026; staff and PwC directed to prepare revised framework).

[35] Id. at 4–5.

[36] Pinpoint Policy Institute, Comment Letter to the Credit Rating Provider (E) Working Group on the CRP Due Diligence Framework Whitepaper (July 3, 2026); 15 U.S.C. § 78o-7(c)(2).

governing RBC, statutory accounting, and state investment regulation.[37] The NAIC writes rules that bind insurers in every state, then disclaims responsibility for how those rules are applied.

Nor are those rules applied uniformly. A single commissioner may grant a single insurer a permitted practice that departs from NAIC statutory accounting. Public filings show such permissions adding billions of dollars to individual companies' reported statutory capital. One insurer's affiliated captive reports that, without a permitted practice granted by its domiciliary commissioner, its combined statutory capital and surplus of $678 million would fall by $11.5 billion. Another group reports that Vermont permitted practices added $6.5 billion to its captives' statutory capital and that, without them, their RBC would fall below the regulatory minimum.[38] The NAIC's twenty-two-page letter to Congress does not mention permitted practices at all. The result is the worst of both outcomes: uniform national standards that raise costs for every insurer that follows them, and case-by-case waivers that leave the underlying risk in place for those that obtain one. Before the Committee builds new capital charges, it should publish what the existing exceptions are worth.

The NAIC's governance compounds these gaps. The Government Accountability Office's June 2026 report confirms that the NAIC has been excepted from filing IRS Form 990 since 1955. GAO found that the NAIC's public documents are in certain respects comparable to Form 990, but less granular in important ways: the NAIC does not publicly report key employee compensation, its conflict-of-interest policy sets disclosure requirements for members but not for key employees such as its chief executive, and its public information omits items Form 990 collects, including fundraising and lobbying.[39] By Pinpoint's analysis, the NAIC draws about 94% of its revenue annually from the industry it oversees.[40] The NAIC presents itself as governmental enough to avoid federal disclosure, yet private enough to avoid public accountability. It cannot be both.

The policymaking process offers few checks. NAIC rules are not subject to the notice-and-comment requirements of the Administrative Procedure Act or to judicial review of the record behind them. Consequential deliberations increasingly occur in regulator only sessions. At the NAIC's own Spring 2026 meeting, industry representatives warned of "a growing perception that increasing amounts of deliberation are occurring in sessions that are not open to interested parties," with open meetings serving to confirm decisions already made.[41] The NAIC is reviewing its open meetings policy, yet the Charges continue to direct groups to operate in regulator-to-regulator sessions.[42]

The consequences are visible in the Committee's own recent work. Earlier this year, an NAIC working group considering higher capital requirements for collateral loans adopted a one-year

[37] NAIC Letter, supra note 3, at 10; id. at 16 n.11.

[38] Brighthouse Financial, Inc., Annual Report (Form 10-K) for 2025, statutory accounting notes (Brighthouse Reinsurance Company of Delaware); American National Group Inc., Annual Report (Form 10-K) for 2025, statutory financial information; see Nemeth, supra note 16.

[39] U.S. Gov't Accountability Off., National Association of Insurance Commissioners: Role with State Insurance Regulators and IRS Reporting Requirements, GAO-26-107956 (June 2026), at Highlights.

[40] Pinpoint Policy Institute, New GAO Report Confirms the NAIC Has an Accountability Problem (July 25, 2026), https://pinpointpolicyinstitute.org/the-point/gao-report-naic-accountability-problem/.

[41] John Hilton, NAIC Regulators Field Complaints About Transparency, Closed Meetings, InsuranceNewsNet (Mar. 26, 2026) (quoting David Snyder, American Property Casualty Insurance Association).

[42] Charges, supra note 2, ¶ 11.A.

delay after an official from the Kansas Insurance Department, attending as a non-member, advocated for it. According to Bloomberg, the delay followed more than $300,000 in campaign contributions to the Kansas commissioner's gubernatorial campaign from executives and affiliates of the insurer with the industry's largest collateral-loan exposure, which had urged the delay. The commissioner's campaign and the department state that the contributions had no bearing on the department's position.[43] Pinpoint takes no view on the merits of that timeline and does not allege impropriety. The point is narrower: a body that sets national capital standards had no public mechanism to disclose the contributions, explain why the timeline changed, or show that the appearance problem was considered. Ethics rules for regulators exist to address exactly that appearance; the NAIC's process does not.

Senator Warren asked the NAIC directly whether it plans to increase the transparency of its rulemaking, "including details around the providers of oral and written feedback, and an explanation of how feedback is integrated." The NAIC's answer addressed neither request. It stated that meetings are "generally" public, that proposals are "routinely" exposed, that regulators "frequently" discuss feedback, and that the NAIC "continually evaluates" its process.[44] It committed to nothing. The same letter supported figures given to Congress with "unpublished analysis, on file with the NAIC."[45]

None of this proves misconduct. It does describe the textbook conditions for regulatory capture and policy drift: an industry-funded body, insulated from external review, setting its agenda in sessions the public cannot attend, whose standards individual members may waive for individual companies and whose timelines can shift at a member's request without public explanation. The Charges are the right place to answer the question Senator Warren asked.

Pressure on the process now runs from Washington as well. Charge 2.D directs the Financial Analysis (E) Working Group to "[i]ncrease information sharing and coordination between state insurance regulators and federal authorities, including through representation of state insurance regulators in national bodies with responsibilities for system wide oversight."[46] The NAIC told Senator Warren that federal engagement is most effective when it complements, rather than displaces or preempts, the state framework.[47] Pinpoint agrees. But the state-based system's best defense against federal preemption is demonstrable rigor and published results, not a faster path to new mandates driven by external political pressure or increased media scrutiny. An organization with the NAIC's accountability profile should hold its own agenda setting to a higher evidentiary standard, not a lower one.

Requested Actions

Pinpoint Policy Institute respectfully urges the Committee to amend the 2027 Charges to require the following for each new or expanded capital or investment workstream:

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[43] Zachary R. Mider & Alexandre Rajbhandari, Billionaire Boehly's Allies Donated Heavily to Kansas Insurance Regulator, Bloomberg (May 14, 2026), reprinted in Insurance Journal; Matthew Kelly, Kansas Official Running for Governor Received $300K in Donations Before Key Decision, Kansas City Star (May 24, 2026).

[44] Warren Letter, supra note 13, at 4 (Question 10); NAIC Letter, supra note 3, at 19.

[45] NAIC Letter, supra note 3, at 18 n.17.

[46] Charges, supra note 2, ¶ 2.D.

[47] NAIC Letter, supra note 3, at 22.

1. A published problem statement identifying a specific, documented market failure or prudential deficiency, supported by data and a materiality assessment.
2. An inventory of existing authority and enforcement activity, with a presumption in favor of enforcement where current rules address the concern, including a public, aggregate review of compliance with existing related-party and affiliate reporting requirements before any new affiliated investment capital work begins.
3. Public, aggregate reporting of permitted and prescribed practices, including their effect on reported statutory capital and RBC, before new capital charges are proposed.
4. Published aggregate results of existing tools, including the first AG 55 filing reviews, AG 53 reviews, and SVO rating challenges, before those tools are expanded or supplemented.
5. A public cost-benefit and market impact analysis addressing product affordability and availability, retirement security, capital formation, and cumulative burden across pending changes.
6. Risk-based distinctions among asset structures, consistent with the NAIC's representation to Congress that "the regulatory concern is not the label."
7. Public disclosure of consultant roles, deliverables, compensation, and conflict-of-interest screening; public summaries of any regulator only deliberations that shape a final recommendation; and a written public rationale whenever an adopted timeline is changed at the request of a member or non-member jurisdiction.
8. Written responses to substantive comments explaining how feedback was incorporated or rejected, and identification of participants in any oral feedback sessions, as Senator Warren requested.
9. A published rationale for the proposed consolidation, disbanding, and renaming of Committee groups.
10. Measurable success criteria and sunset or review dates for every new requirement, and re-exposure of any materially expanded charge before adoption.

The question before the Committee is not whether to regulate, but whether each new requirement is supported by evidence, enforced before it is expanded, applied consistently, and worth its cost to policyholders. The NAIC has told Congress that the state system works. The 2027 Charges are an opportunity to prove it by publishing results, not just authorities, and by building evidence, enforcement, and accountability into the agenda itself. Pinpoint appreciates the opportunity to comment and stands ready to engage constructively as the process moves forward.

Sincerely,

Eric Ventimiglia

Eric Ventimiglia
Executive Director
Pinpoint Policy Institute

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

MEMORANDUM

To: Members, Interested Regulators and Interested Parties of the Financial Condition (E) Committee

From: Commissioner Nathan Houdek, (WI), Chair of the Financial Condition (E) Committee

Date: July 27, 2026

Re: NAIC Model 285-*Disclosure of Material Transactions Model Act* (#285)

As you are aware, there has been an emerging trend in recent years where an increasing number of U.S. life and annuity insurers have been ceding large portions of their business to other insurers, both affiliated and unaffiliated. While material affiliated reinsurance agreements are reviewed by the cedent's domestic regulator, non-affiliated agreements are not typically subject to regulatory review by the cedent's domestic regulator. This limits the ability of the domestic regulator to gain comfort of such cessions to unaffiliated reinsurers ahead of the transaction. A number of regulators have suggested the Committee should review the thresholds and requirements for reinsurance transactions in Model #285 to determine if those provisions remain appropriate.

This memorandum requests input from members, interested regulators and interested parties of the Financial Condition (E) Committee on that topic and more specifically what the more appropriate thresholds may be. Once the Committee receives such input, it will then consider whether the Committee should request approval from the NAIC Executive (EX) Committee to open up Model 285 to make such changes.

Please submit comments to NAIC staff (Dan Daveline, ddaveline@naic.org).

DISCLOSURE OF MATERIAL TRANSACTIONS MODEL ACT

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Section 1. Report

A. Every insurer domiciled in this state shall file a report with the commissioner disclosing material acquisitions and dispositions of assets or material nonrenewals, cancellations or revisions of ceded reinsurance agreements or material new ceded reinsurance agreements affecting in force life insurance business unless the acquisitions and dispositions of assets or material nonrenewals, cancellations or revisions of ceded reinsurance agreements or material new ceded reinsurance agreements affecting in force life insurance business have been submitted to the commissioner for review, approval or information purposes pursuant to other provisions of the insurance code, laws, regulations, or other requirements.

B. The report required in Subsection A is due within fifteen (15) days after the end of the calendar month in which any of the foregoing transactions occur.

C. One complete copy of the report, including any exhibits or other attachments, shall be filed with:

(1) The insurance department of the insurer's state of domicile; and

(2) The National Association of Insurance Commissioners.

Section 2. Acquisitions and Dispositions of Assets

A. Materiality.

No acquisitions or dispositions of assets need be reported pursuant to Section 1 if the acquisitions or dispositions are not material. For purposes of this Act, a material acquisition (or the aggregate of any series of related acquisitions during any thirty-day period) or disposition (or the aggregate of any series of related dispositions during any thirty-day period) is one that is non-recurring and not in the ordinary course of business and involves more than five percent (5%) of the reporting insurer's total admitted assets as reported in its most recent statutory statement filed with the insurance department of the insurer's state of domicile.

B. Scope.

(1) Asset acquisitions subject to this Act include every purchase, lease, exchange, merger, consolidation, succession or other acquisition other than the construction or development of real property by or for the reporting insurer or the acquisition of materials for such purpose.

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(2) Asset dispositions subject to this Act include every sale, lease, exchange, merger, consolidation, mortgage, hypothecation, assignment (whether for the benefit of creditors or otherwise), abandonment, destruction or other disposition.

C. Information to be Reported.

(1) The following information is required to be disclosed in any report of a material acquisition or disposition of assets:

(a) Date of the transaction;

(b) Manner of acquisition or disposition;

(c) Description of the assets involved;

(d) Nature and amount of the consideration given or received;

(e) Purpose of, or reason for, the transaction;

(f) Manner by which the amount of consideration was determined;

(g) Gain or loss recognized or realized as a result of the transaction; and

(h) Names of the persons from whom the assets were acquired or to whom they were disposed.

(2) Insurers are required to report material acquisitions and dispositions on a non-consolidated basis unless the insurer is part of a consolidated group of insurers which utilizes a pooling arrangement or 100 percent reinsurance agreement that affects the solvency and integrity of the insurer's reserves and the insurer ceded substantially all of its direct and assumed business to the pool. An insurer is deemed to have ceded substantially all of its direct and assumed business to a pool if the insurer has less than $1,000,000 total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than five percent (5%) of the insurer's capital and surplus.

Section 3. Nonrenewals, Cancellations or Revisions of Ceded Reinsurance Agreements

A. Materiality and Scope.

(1) No nonrenewals, cancellations or revisions of ceded reinsurance agreements or new ceded reinsurance agreements affecting in force life insurance business need be reported pursuant to Section 1 if the nonrenewals, cancellations or revisions of ceded reinsurance agreements or new ceded reinsurance agreements affecting in force life insurance business are not material. For purposes of this Act, a material nonrenewal, cancellation or revision of a ceded reinsurance agreement or a material new ceded reinsurance agreement affecting in force life insurance business is one that affects:

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(a) As respects property and casualty business, including accident and health business written by a property and casualty insurer:

(i) More than fifty percent (50%) of the insurer's total ceded written premium; or

(ii) More than fifty percent (50%) of the insurer's total ceded indemnity and loss adjustment reserves.

(b) As respects life, annuity, and accident and health business: more than fifty percent (50%) of the total reserve credit taken for business ceded, on an annualized basis, as indicated in the insurer's most recent annual statement.

(c) As respects either property and casualty or life, annuity, and accident and health business, either of the following events shall constitute a material revision which must be reported:

(i) An authorized reinsurer representing more than ten percent (10%) of a total cession is replaced by one or more unauthorized reinsurers; or

(ii) Previously established collateral requirements have been reduced or waived as respects one or more unauthorized reinsurers representing collectively more than ten percent (10%) of a total cession.

(2) However, no filing shall be required if:

(a) As respects property and casualty business, including accident and health business written by a property and casualty insurer: the insurer's total ceded written premium represents, on an annualized basis, less than ten percent (10%) of its total written premium for direct and assumed business, or

(b) As respects life, annuity, and accident and health business: the total reserve credit taken for business ceded represents, on an annualized basis, less than ten percent (10%) of the statutory reserve requirement prior to any cession.

B. Information to be reported.

(1) The following information is required to be disclosed in any report of a material nonrenewal, cancellation or revision of ceded reinsurance agreements or material new ceded reinsurance agreements affecting in force life insurance business:

(a) Effective date of the nonrenewal, cancellation, revision or new agreement;

(b) The description of the transaction with an identification of the initiator thereof;

(c) Purpose of, or reason for, the transaction; and

(d) If applicable, the identity of the replacement reinsurers.

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(2) Insurers are required to report all material nonrenewals, cancellations or revisions of ceded reinsurance agreements or material new ceded reinsurance agreements affecting in force life insurance business on a non-consolidated basis unless the insurer is part of a consolidated group of insurers which utilizes a pooling arrangement or 100 percent reinsurance agreement that affects the solvency and integrity of the insurer's reserves and the insurer ceded substantially all of its direct and assumed business to the pool. An insurer is deemed to have ceded substantially all of its direct and assumed business to a pool if the insurer has less than $1,000,000 total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than five percent (5%) of the insurer's capital and surplus.

Section 4. Confidentiality

A. All reports obtained by or disclosed to the commissioner pursuant to this Act in the possession or control of the Department of Insurance, shall be confidential by law and privileged, shall not be subject to [insert open records, freedom of information, sunshine or other appropriate phrase], shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action without the prior written consent of the insurer to which it pertains. However, the commissioner is authorized to use the documents, materials or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's official duties.

B. After giving the insurer who would be affected notice and an opportunity to be heard, the commissioner may determine that the interest of policyholders, shareholders or the public will be served by publication of the information subject to Subsection A, in which event the commissioner may publish all or any part in the manner the commissioner may deem appropriate.

C. Neither the commissioner nor any person who received documents, materials or other information while acting under the authority of the commissioner shall be permitted or required to testify in any private civil action concerning any confidential documents, materials or information subject to Subsection A.

D. In order to assist in the performance of the commissioner's duties, the commissioner:

(1) May share documents, materials or other information, including the confidential and privileged documents, materials or information subject to Subsection A, with other state, federal and international regulatory agencies, with the NAIC and its affiliates and subsidiaries, and with state, federal and international law enforcement authorities, provided that the recipient agrees to maintain the confidentiality and privileged status of the document, material or other information;

(2) May receive documents, materials or information, including otherwise confidential and privileged documents, materials or information, from the NAIC and its affiliates and subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material or information; and

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(3) [Optional provision] May enter into agreements governing sharing and use of information consistent with this subsection.

Drafting Note: The language in Subsection D(1) assumes the recipient has the authority to protect the applicable confidentiality or privilege, but does not address the verification of that authority, which would presumably occur in the context of a broader information sharing agreement.

E. No waiver of any applicable privilege or claim of confidentiality in the documents, materials or information shall occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in Subsection D.

Section 5. Effective Date

This Act shall take effect on [insert date].

Chronological Summary of Action (all references are to the Proceedings of the NAIC).

1993 Proc. I 8, 136, 276, 302, 304-306 (adopted).
1993 Proc. 2nd Quarter 12, 17, 24-26, 30, 101 (amended and reprinted).
1994 Proc. 3rd Quarter (amended and reprinted).
1999 Proc. 4th Quarter 15, 364, 369, 373-374 (amended).
2000 Proc. 4th Quarter 16, 17, 832, 965, 973-975 (amended and reprinted)

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From: Rehagen, John <John.Rehagen@insurance.mo.gov>
Sent: Thursday, September 3, 2026 9:32 AM
To: Daveline, Dan <DDaveline@naic.org>
Cc: Nelson, Angela <angela.nelson@dci.mo.gov>; Clark, Gina <gina.clark@dci.mo.gov>; Wille, Joshua <Joshua.Wille@dci.mo.gov>; Hopper, Kelly <kelly.hopper@insurance.mo.gov>
Subject: RE: Exposure Notice: Financial Condition (E) Committee due 9/28/26

Hi Dan,

I am responding as an interested regulator to the Model 285 request for comment memo. I do think the Committee should explore options for more disclosure of material transactions.

My suggestion, if it is ultimately decided to modify Model 285, and without fully vetting this issue (with my Director) would be to simplify Section 3.A (1) to remove the company type specific thresholds and just use 10% as the materiality level for all transactions.

As an alternative to revising Model 285, I also wonder if maybe just a tweak to the credit for reinsurance law in the Concentration of Risk section might work better, see Section 2. J of Model 785. Again, I suggest using 10% as the materiality threshold. We could change this language to more closely follow the Model 285 language regarding the reporting details. This approach is directly targeting the issue we are trying to get at and Model 785 is an accreditation model already. F Committee would just have to decide if this subsection 2.J should be required language.

The non-reinsurance transactions noted in Section 2 of Model 285 are already required to be filed under the holding company act Model 440 at a 10% threshold, for change in control and dispositions compared to the 285 language at 5% so not much gained and Model 285 is not an accreditation requirement at this point.

Thanks,

John



September 22, 2026

Nathan Houdek, Chair
Financial Condition (E) Committee
National Association of Insurance Commissioners

Re: *Disclosure of Material Transactions Model Act* (#285)

Dear Commissioner Houdek:

The American Property Casualty Insurance Association (APCIA) and National Association of Mutual Insurance Companies (NAMIC) appreciate the opportunity to comment on the Financial Condition (E) Committee's memo regarding the thresholds and requirements for reinsurance transactions in the *Disclosure of Material Transactions Model Act* (#285). The trades collectively represent the great majority of insurance companies issuing property casualty insurance throughout the United States.

The trades believe the current thresholds and requirements in Model #285 are appropriate for property casualty insurance transactions.

Under Model #285, property casualty reinsurance agreements are considered material (thus requiring regulatory reporting) when the agreements affect more than 50% of an insurer's total ceded written premium or more than 50% of the insurer's total ceded indemnity and loss adjustment reserves. Model #285 also requires property casualty insurers to report when an authorized reinsurer representing more than 10% of a total cession is replaced by one or more unauthorized reinsurers and when previously established collateral requirements have been reduced or waived as respects one or more unauthorized reinsurers representing collectively more than 10% of a total cession.

The requirements in Model #285 are part of a comprehensive regulatory framework for property casualty reinsurance transactions. This framework includes statutory credit for reinsurance requirements, detailed Schedule F reporting of reinsurance transactions, reporting requirements under state holding company laws, and RBC credit risk charges for reinsurance recoverables. These existing requirements – including the current thresholds in Model #285 – already provide regulators with the transparency and regulatory tools needed to effectively supervise property casualty reinsurance transactions.

Therefore, we believe the existing thresholds in Model #285 are appropriately calibrated for property casualty reinsurance. Although the exposed memo seems to focus on life and annuity reinsurance, we welcome further engagement with the Committee if members have any potential concerns about the existing property casualty requirements.

Finally, we also wanted to express concerns with the process followed for the referral to the Life Risk-Based Capital (E) Working Group on reinsurance recapture risk that was adopted in

Columbus. Life RBC, of course, is not our issue, but we are concerned with how the referral was adopted without an opportunity for interested parties to comment on the Committee's directions to the Working Group. This is also concerning because the Risk-Based Capital Model Governance (EX) Task Force is still finalizing how RBC governance will be conducted in the future. We hope that future referrals on significant issues will include an opportunity for stakeholder feedback.

Thank you for considering the points addressed in this letter, and please do not hesitate to contact us if you have any questions.

Sincerely,



Matthew Vece
Sr. Director, Financial & Tax Counsel
American Property Casualty Insurance Association



Jonathon Rodgers
Policy Vice President – Solvency
National Association of Mutual Insurance Companies

September 25, 2026

Mr. Nathan Houdek
Financial Condition (E) Committee
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

Re: Disclosure of Material Transactions Model Act Exposure

Submitted Electronically

Dear Chair Houdek:

The American Council of Life Insurers appreciates the opportunity to comment on the Disclosure of Material Transactions Model Act exposure. ACLI supports transparency in reporting and risk-based approaches to supervision, and we look forward to the discussion on this exposure. Our comments are meant to encourage consistency, which we think is also critically important for both companies and regulators.

We think it would be appropriate to align the definition of a material reinsurance transaction with the established size thresholds used in Actuarial Guideline 55. Alignment would prevent confusion about when each requirement applies and ensure a consistent baseline of information for regulators reviewing transactions identified as material.

In addition, we think sequencing is an important consideration. The recently exposed updates to the Financial Analysis Handbook and the Financial Condition Examiners Handbook are two examples of where the definition of a material reinsurance transaction is a key consideration, and where decisions could be made before that definition has been resolved. We suggest directing working groups and task forces that report to the Committee to defer adoption of any current exposures where the definition of a material reinsurance transaction is a key consideration, or at a minimum re-expose any recent adoptions after the definition is confirmed. Revisiting these exposures would ensure that industry and regulators have a common understanding of what transactions are in scope as we discuss what analytical tools and best practices would be appropriate.

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States.

We thank the Financial Condition (E) Committee for starting a dialogue around this issue and for considering our comments.

Sincerely,



Brian Bayerle
Chief Life Actuary
brianbayerle@acli.com
(202) 624-2169



Hans Avery
Actuary
hansavery@acli.com
(202) 624-2012

cc: Dan Daveline, NAIC



September 28, 2026

Commissioner Nathan Houdek (WI)
Chair, Financial Condition (E) Committee
National Association of Insurance Commissioners

Re: Reinsurance thresholds in the Disclosure of Material Transactions Model Act (#285)

Dear Commissioner Houdek:

On behalf of the American Academy of Actuaries'[1] Reinsurance Work Group (RWG), we appreciate the opportunity to provide comments to the Financial Condition Committee's July 27, 2026, memorandum on Model #285. We agree that the growth in large life and annuity cessions, including to unaffiliated reinsurers, warrants a fresh look at the life reinsurance provisions last amended in 2000.

Our comments address the questions the memorandum raises for life and annuity reinsurance: what the thresholds measure, where they should be set, and what regulators should receive.

Items for the Committee's consideration

1. **Align the life reinsurance size thresholds with Actuarial Guideline 55 (AG 55).** The Model 285's current 50% test compares a transaction with the reserve credit the cedent already takes, so it scales with prior reinsurance rather than transaction size. A cedent with $60 billion of existing reserve credit could cede a further $25 billion (42%) without reporting. We suggest replacing the current reporting thresholds enumerated in Model #285 Section 3A with the more graduated approach used in AG 55 Section 2A (see Appendix for details). Life and annuity cedents already compile these figures, and this would enable regulators to apply one definition of materiality.
2. **Count modco reserves and aggregate by counterparty.** Under modified coinsurance (modco), the cedent keeps the reserves and assets backing those reserves, so a large modco cession can produce little or no reserve credit and fall outside the current test while transferring the same risks. AG 55 counts reserve credit and modco reserve together and measures them by counterparty. This latter provision stops a block being split across treaties to stay below a threshold. Model #285 should do both.
3. **Update Model #285 to reflect Credit for Reinsurance model changes.** Since Model #285 was last updated, the Credit for Reinsurance Models (Nos. 785 and 786) have been changed to include such additional types of reinsurers as Certified and Reciprocal Reinsurers. We suggest Model #285 requirements be updated to reflect these changes. We would be happy to work with the NAIC to accomplish this update in a way consistent with our other recommendations.
4. **Information to be reported.** The current reporting requirements were designed for a reporting

[1] The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

threshold of a flat 50%; with the refined requirement, we propose adding a requirement for the cedent to demonstrate how they calculated the reporting threshold (e.g., include ceded coinsurance and modified coinsurance reserves).

We appreciate the opportunity to share these comments and look forward to the continued collaborative conversations between the E Committee and interested stakeholders. If you have any questions or would like to discuss these comments further, please contact Will Behnke, the Academy's policy project manager, risk management and financial reporting (behnke@actuary.org).

Sincerely,

Jeremy Starr, MAAA, FSA
Chairperson, Reinsurance Working Group
Risk Management and Financial Reporting Council

Appendix
Actuarial Guideline 55

2. Scope

This Guideline shall apply to all life insurers with:

A. …that meet any of the criteria determined by counterparty in subsections i through iv below:

i. In excess of $5 billion of reserve credit or modified coinsurance reserve

ii. Combined reserve credit and modified coinsurance reserve in excess of:

(a) $1 billion and

(b) 5% of ceding company Exhibit 5 gross life insurance plus Exhibit 5 gross annuity reserves plus Exhibit 7 reserves and separate account reserves to the extent such reserves are included in the combined reserve credit and modified coinsurance reserve.

iii. Combined reserve credit and modified coinsurance reserve in excess of:

(a) $500 million and

(b) 10% of ceding company Exhibit 5 gross life insurance plus Exhibit 5 gross annuity reserves plus Exhibit 7 reserves and separate account reserves to the extent such reserves are included in the combined reserve credit and modified coinsurance reserve.

iv. Combined reserve credit and modified coinsurance reserve in excess of:

(a) $100 million and

(b) 20% of ceding company Exhibit 5 gross life insurance plus Exhibit 5 gross annuity reserves plus Exhibit 7 reserves and separate account reserves to the extent such reserves are included in the combined reserve credit and modified coinsurance reserve.

CAYMAN INTERNATIONAL REINSURANCE COMPANIES ASSOCIATION

Commissioner Nathan Houdek
Chair, Financial Condition (E) Committee
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

September 28, 2026

Re: Comment on July 27, 2026, Memorandum Regarding NAIC Model #285 — Disclosure of Material Transactions Model Act (Model #285)

Dear Commissioner Houdek:

The Cayman International Reinsurance Companies Association (CIRCA) appreciates the opportunity to respond to the Financial Condition (E) Committee's July 27, 2026 Memorandum requesting input on whether the thresholds and requirements governing reinsurance transactions in Model #285, the Disclosure of Material Transactions Model Act, remain appropriate.

Coordinate the Model #285 Review with Other Initiatives

CIRCA is submitting separate comments to the Life Risk-Based Capital (E) Working Group on the recapture and counterparty recoverability RBC charge referral[1] and the RBC Model Governance (EX) Task Force's List of Potential Gaps and Inconsistencies review[2], both of which seek to address the same growth in life and annuity reinsurance described in the Memorandum. CIRCA believes that visibility into material unaffiliated reinsurance transactions should be addressed through effective transaction disclosure and other existing review tools, with Model #285 as the most direct vehicle, before, or at minimum alongside, efforts to address the same underlying concern with an additional RBC charge.

Developing new requirements separately either through the Life Risk-Based Capital (E) Working Group's referral or the RBC Model Governance Task Force review risks inconsistent assumptions or a cumulative result that has not been evaluated. CIRCA recommends that any Model #285 working group coordinate with those other efforts to ensure outcomes address defined concerns in a methodical and proportionate manner.

[1]Memorandum from Chair, Financial Condition (E) Committee to Chair, Life Risk-Based Capital (E) Working Group, Re: Reinsurance Recapture and Counterparty Risk (Jul. 27, 2026).
[2]Bridgeway Analytics, RBC Model Governance (EX) Task Force Meeting Materials (Aug. 13, 2026)

Review Model #285 to Address a Defined Gap

Model #285 does not operate in isolation. Life and annuity reinsurance is already subject to a variety of supervisory tools.[3] CIRCA recommends that any proposed changes to Model 285 address an identified visibility gap rather than impose additional reporting requirements for information that regulators already receive through other channels. CIRCA recommends the Committee first define the information regulators need (for example, visibility into counterparty concentration, collateral adequacy, or replacement capacity for a specific segment of cedents) so that calibration of thresholds and scope definitions proceed in a targeted evidence-based way.

Bridgeway Analytics' materials prepared for the RBC Model Governance Task Force report [4] approximately $2.85 trillion in life reserve credit and modified coinsurance balances industry-wide in 2025, of which approximately $135 billion, or roughly 4.7%, related to non-reciprocal jurisdictions. That figure describes the level of reinsurance activity but it does not indicate which transactions are not captured either because they are not in scope of the existing disclosure requirements or they fall below existing reporting thresholds (currently 50% of an insurer's total ceded reserve credit or ceded written premium for a material new agreement or revision, with no filing required below 10%). That data point is needed to determine whether, and by how much, the thresholds and/or scope should be adjusted. Any recalibration of existing thresholds or scope should be based on evidence that transactions of genuine supervisory significance are not being captured rather than on the overall growth of reinsurance alone.

Materiality Should Turn on Risk

Under Model #285 Section 3.A(1)(c)[5], the replacement of an authorized reinsurer representing more than 10% of a cession with one or more unauthorized reinsurers, or the reduction or waiver of collateral requirements applicable to unauthorized reinsurers representing more than 10% of a cession are considered material. That provision turns on authorized versus unauthorized reinsurers and collateral reduction. CIRCA recommends that any revised threshold or scope focus on characteristics that bear directly on supervisory risk, including collateral adequacy, counterparty exposure, concentration, transaction size and replacement or recapture implications, rather than relying principally on jurisdictional or authorization classifications as proxies for risk.

In Force vs Prospective Flow Business

Section 1.A of Model #285[6] applies to business already in force at the time of the cession, and it is not apparent that a flow or coinsurance arrangement covering only new business written on a prospective basis is captured. If the Committee determines that prospective flow business should be brought within Model #285's scope, any amendment should define the triggering event carefully, so that it applies to transactions of supervisory concern without unnecessarily sweeping ordinary course flow reinsurance into the reporting regime.

Disclosure vs Advance Notice

[3]Including: Insurance Holding Company System Regulatory Act (#440), the Credit for Reinsurance Model Law (#785), SSAP No. 61R, NAIC Valuation Manual and Actuarial Guideline LV, ORSA, and financial examinations.
[4]Bridgeway Analytics, RBC Model Governance (EX) Task Force Meeting Materials, at 8, Appendix 1.A.A.
[5] Model #285, supra note 2, § 3.A(1)(c).
[6] Model #285, supra note 2, § 1.A.

The Memorandum states that the current framework "limits the ability of the domestic regulator to gain comfort of such cessions to unaffiliated reinsurers ahead of the transaction." Model #285, however, is principally a disclosure regime rather than one requiring preapproval of a transaction. Adjusting existing thresholds that trigger a filing will result in an increase in reported transactions, but it would not provide a regulator with the opportunity to gain comfort ahead of the transaction. If the Committee determines that prospective visibility is required before a material unaffiliated cession is executed, it should consider a prior notice or pre-effectiveness filing requirement. Importantly, prior notice should not automatically become prior approval. Any proposal to require regulatory approval before a transaction becomes effective should separately identify the supervisory need for that additional authority and the transactions to which it would apply.

Preserve Proportionality

CIRCA recommends that any adjustments to thresholds or scope of application of Model #285 be set with proportionality in mind. A lower threshold would produce a higher volume of filings for transactions that are not, in substance, material to solvency potentially obscuring the transactions that warrant regulatory attention. A disclosure regime that flags the transactions that matter; calibrating thresholds to the specific information gap identified in Section 2 above, is more useful than simply lowering existing thresholds.

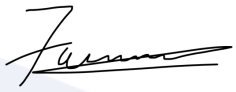
Requested Action

CIRCA respectfully requests that the Financial Condition (E) Committee take the following actions:

1. Coordinate with the broader regulatory framework and parallel NAIC workstreams mentioned above and where practicable align data requests and timing with those reviews.
2. Define the information gap first. Identify what visibility regulators currently lack before calibrating thresholds and potentially new requirements.
3. Consider the existing risk-based materiality structure already reflected in Section 3.A(1)(c) of Model #285.
4. Scope any change to prospective flow business carefully so it does not sweep ordinary course flow reinsurance into an exceptional-transaction reporting regime.
5. Separate retrospective-disclosure from advance-notice.
6. Preserve proportionality. Avoid thresholds so low that they generate a high volume of immaterial filings that obscure the transactions that warrant attention.

CIRCA appreciates the Committee's willingness to seek input at this early stage and welcomes the opportunity to assist as this initiative develops.

Respectfully submitted,



Faramarz Romer
Chairman of the Board
Cayman International Reinsurance Companies Association

To: NAIC Financial Condition (E) Committee

From: NAIC Natural Catastrophe Risk and Resilience Task Force

Re: Recommendation to continue the existing forward-looking Scenario Analysis RCAT forms and more closely coordinate information with the concurrent Reinsurance interrogatory

Date: 07/24/2026

Recommendation: The NAIC Natural Catastrophe Risk and Resilience Task Force is currently working on issues related to catastrophe risk models, risk mitigation programs, and catastrophe Property and Casualty Reinsurance, generation of real-time data and forward-looking scenarios for estimating the scope of probable maximum losses, and in doing so is finding ongoing value from collaborations with E Committee on solvency related data. The Natural Catastrophe Risk and Resilience Task Force recommends that the Financial Condition (E) Committee coordinate the interrogatories for catastrophe Reinsurance and forward-looking Scenario Analysis within the Risk Based Capital (RBC) RCAT forms, and extend the existing sunset until YE2030 for the Scenario Analysis in the RCAT to enable better integration into catastrophe Reinsurance information, and because the Scenario Analysis data are being utilized for current technical trainings, data analysis, and state-specific applications.

Summary of reasons to continue collection of forward-looking scenario analysis:

- State Insurance Regulators are actively using the data collected for Reinsurance training and discussions within Financial Examinations. The NAIC Center of Excellence (COE) is analyzing and integrating the Probable Maximum Loss information for use in P&C Reinsurance training, as well as financial analysis training.

- These scenarios are providing regulators with additional scope of maximum loss scenarios and for beginning to understand future catastrophe reinsurance capacity and for gauging how that capacity may react to wildfire and hurricane scenarios. In some cases, state regulators are using combinations of catastrophe reinsurance information and catastrophe risk scenarios in exams.

- These scenarios are also helping regulators to understand the models and approaches that companies are taking towards understanding medium and long-term catastrophe risks, including the ability to compare frequency and probabilistic approaches and metrics.

- Continuing to collect this information over time will help regulators understand how the results are impacted by concentration risk, underwriting portfolios and model projections change, and leverage the COE for training and analysis that can be tailored to each individual state.

From: Lederer, Julie <Julie.Lederer@insurance.mo.gov>
Sent: Friday, September 4, 2026 2:17 PM
To: Daveline, Dan <DDaveline@naic.org>
Cc: Rehagen, John <John.Rehagen@insurance.mo.gov>
Subject: RE: Exposure Notice: Financial Condition (E) Committee due 9/28/26

Hi Dan,

I'm offering comments on the exposed RCAT Scenario Analysis Referral.

If the sunset provision is extended until YE2030 for the climate impact disclosures in the P&C RBC reports, it would be helpful if regulators were provided with guidance on how to use the disclosures to review our regulated entities. I've come up short in my efforts. The only things I've thought to do during my annual reviews are to 1) ask entities how they made the climate-affected projections, 2) review the projections for reasonableness (e.g., is the loss that assumes a 50% increase in frequency greater than the baseline loss?), and 3) compare this year's numbers to last year's and ask about any big changes.

The entity's estimates are to assume no change in reinsurance strategy or exposures between now and 2040 or 2050, which are not realistic assumptions. Therefore, asking an entity what changes it's considering based on the results doesn't seem realistic, especially since most P&C policies have a one-year duration. We could ask entities more generally about their approach to monitoring catastrophe risk and addressing climate change, but we could (and formerly did) ask this without receiving the quantitative RBC climate impact disclosures.

Sincerely,

Julie

Julie Lederer, FCAS, MAAA

Property and Casualty Actuary

Missouri Department of Commerce & Insurance

816-889-2219

Julie.Lederer@insurance.mo.gov









September 22, 2026

Nathan Houdek, Chair
Financial Condition (E) Committee
National Association of Insurance Commissioners

Re: Scenario Analysis RCAT Forms

Dear Commissioner Houdek:

The American Property Casualty Insurance Association (APCIA), National Association of Mutual Insurance Companies (NAMIC), and Reinsurance Association of America (RAA) appreciate the opportunity to comment on the referral recommending that the sunset date for the scenario analysis RCAT forms should be extended through 2030 reporting. The trades collectively represent the great majority of insurance companies issuing property casualty insurance and reinsurance throughout the United States.

The scenario analysis RCAT forms should be allowed to sunset after 2026 unless the NAIC demonstrates that continued reporting provides incremental supervisory value sufficient to justify the burden. The RBC Preamble states: "The purpose of RBC requirements is to identify potentially weakly capitalized companies." Before extending these supplemental reporting requirements through 2030, the Committee should explain how the information advances that purpose and why the three years of scenario data already required, together with existing regulatory tools, are insufficient.

Property catastrophe policies typically provide coverage for one year and are subject to re-pricing and potential adjustment of terms or non-renewal annually, which allows companies to evaluate their books of business and manage catastrophe exposures over time. Long-term scenarios based on a current underwriting portfolio do not capture the adjustments insurers can make over time to pricing, policy terms, exposures, and risk management strategies. This limits their usefulness as a measure of an insurer's future financial condition and should be considered when evaluating the need for continued reporting.

Reinsurance and catastrophe bonds provide additional tools for managing catastrophe exposure. Insurers can adjust their risk transfer programs alongside underwriting decisions as their portfolios and market conditions change. The Committee should explain what additional solvency insight the long-term RCAT scenarios provide beyond existing regulatory assessments of catastrophe exposure, reinsurance protection, and capital adequacy.

In addition, our member companies report that the scenario analysis RCAT forms are costly to complete, even for companies utilizing the "frequency-based option". The Committee should evaluate those costs against the demonstrated incremental supervisory benefit of continued collection and consider whether existing information or a more targeted request could meet the identified need.

The referral includes four bullets with a summary of reasons for continuing the scenario analysis RCAT forms. First, the memo says regulators are using the scenario analysis RCAT results "for Reinsurance training and discussions within Financial Examinations," and the NAIC Center for Excellence is integrating the data "for use in P&C Reinsurance training, as well as financial analysis training." Second, the memo says the data is being used "for beginning to understand future catastrophe reinsurance capacity and for gauging how that capacity may react to wildfire and hurricane scenarios." Third, the memo says these scenarios are "helping regulators to understand the models and approaches that companies are taking towards understanding medium and long-term catastrophe risks." Finally, the memo recommends continuing to collect these scenarios to inform how "results are impacted by concentration risk, underwriting portfolios and model projections change, and leverage the COE for training and analysis."

We recognize the supervisory uses described in the referral, including financial examinations, analysis of reinsurance capacity, and understanding concentration risk and model differences. Before extending the collection, however, the Committee should identify the supervisory decisions the information has informed, the limitations encountered, and the additional information that four more years of reporting would provide. The Committee should also explain why the three years of scenarios already required cannot adequately support the stated training and analytical objectives. Training value alone does not establish that continued collection through RBC filings is the most appropriate or proportionate approach.

Existing regulatory tools already provide information to regulators on material forward-looking risks, including the ORSA for insurers subject to those requirements and financial analysis and examinations. The Committee should identify any specific information gaps in those tools and explain how continued RCAT scenario reporting would address them without unnecessary duplication.

For these reasons, the scenario analysis RCAT forms should be allowed to expire following the conclusion of 2026 reporting unless the Committee establishes the need for continued collection. The Committee should defer a decision to extend reporting through 2030 until it has evaluated the three years of required scenario data, identified the incremental supervisory benefit, and assessed the reporting burden and alternatives. If the Committee nonetheless extends these requirements, the "frequency-based option" should be preserved, and any extension should have a defined sunset and review criteria, with clear guidance on the intended supervisory use and limitations of the results.

Thank you for considering the points addressed in this letter, and please do not hesitate to contact us if you have any questions.

* * *

Sincerely,



Matthew Vece
Sr. Director, Financial & Tax Counsel
American Property Casualty Insurance Association



Jeff Alton
Senior Vice President – Accounting, Finance, and Risk
Reinsurance Association of America



Colleen Scheele
AVP – Policy
National Association of Mutual Insurance Companies

CAYMAN INTERNATIONAL REINSURANCE COMPANIES ASSOCIATION

Commissioner Nathan Houdek
Chair, Financial Condition (E) Committee
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

September 23, 2026

Re: Referral to Life RBC (E) Working Group Regarding Reinsurance Recapture and Counterparty Risk

Dear Commissioner Houdek:

The Cayman International Reinsurance Companies Association (CIRCA) writes regarding the Financial Condition (E) Committee's (the Committee) referral directing the Life RBC (E) Working Group (the Working Group) to develop new risk based capital requirements addressing reinsurance recapture and counterparty recoverability.

CIRCA supports rigorous examination of these risks and effective supervision to protect policyholders. We recognize the important role of adequate capital and strongly support the state based system of insurance regulation.

Our concern is not whether regulators should examine reinsurance recapture and counterparty recoverability risk. They should. Our concern is that the referral selects additional RBC as the regulatory response before a transparent technical process has established whether a material capital deficiency exists, whether existing regulatory protections are inadequate, and whether additional capital is the most effective and proportionate regulatory tool.

CIRCA respectfully requests that the Committee revise or supplement the referral before implementation proceeds further so that the policy outcome remains open to the evidence. The threshold governance question is straightforward: Where is the open proceeding in which stakeholders can test the underlying evidence, challenge whether a material capital deficiency exists, consider alternative supervisory responses, and influence the policy determination while the outcome remains genuinely open?

The Referral Directs the Remedy Before Establishing the Need

The Committee's referral does not ask the Working Group to determine whether additional capital is warranted. It directs the Working Group to develop the capital response.

The distinction became particularly clear when the Working Group considered the referral on August 26. The Working Group subsequently exposed the referral for comment, but expressly stated that it does not have authority to change directives from its parent committee and instructed interested parties to focus their comments on implementation rather than attempting to modify or override those directives.

CIRCA does not fault the Working Group for recognizing the limits of its authority. The Working Group received a directive from its parent committee and has explained its understanding of that directive. But that leaves a fundamental question unanswered.

Exposing implementation of a decision is not the same as exposing the decision itself. The NAIC's public process should permit stakeholders to address not merely the calibration of a predetermined remedy, but also the predicate for that remedy.

The appropriate analytical sequence should be straightforward: identify the risk, establish its materiality, evaluate existing safeguards, quantify the residual exposure, consider the available regulatory tools, and then determine which regulatory response is most effective and proportionate.

The referral appears to reverse that sequence by selecting additional RBC first and directing the technical process toward implementation.

Confidential Supervision and Public Policymaking Serve Different Purposes

CIRCA recognizes that the concerns underlying the referral may have originated through confidential supervisory work, including examinations, Valuation Analysis (E) Working Group (VAWG) regulator-only deliberations, AG 55 reviews and other regulator discussions. We do not question the legitimacy or importance of confidential supervision, nor do we seek disclosure of protected company information.

But confidential supervision and the development of generally applicable regulatory policy serve different purposes. Confidential supervisory processes can identify emerging concerns and individual company or transaction risks. When those observations become the basis for a generally applicable capital requirement, however, the policy proposition should be supported by a public analytical record sufficient to permit interested parties to understand and test the rationale.

That record can be developed without compromising supervisory confidentiality through aggregated findings, anonymized transaction examples, disclosed assumptions and stress scenarios, materiality analysis, comparison to existing safeguards, and an explanation of any residual risk after those safeguards are considered. We do not believe that public analytical record has yet been developed here.

Establish the Risk Before Selecting the Regulatory Tool

A supervisory concern does not, by itself, establish an RBC deficiency. A material risk does not necessarily require an additional capital factor. Additional capital can provide protection against many

financial risks, but that observation does not establish that capital is the most appropriate regulatory response to every identified concern.

Regulators already possess a substantial supervisory toolkit, including statutory reserves, collateral requirements, Credit for Reinsurance requirements, existing RBC, financial surveillance, examinations, actuarial analysis, ORSA, holding company supervision and transaction review. The necessary first step is to determine where those protections fall short and what residual risk remains after they are considered.

If the concern involves asset quality, concentration, collateral accessibility, transaction structure, governance, counterparty strength or insufficient regulatory visibility, a targeted supervisory response may address the concern more directly than a generally applicable capital factor.

This is not an argument against additional RBC. It is an argument that the analysis should determine whether RBC is appropriate rather than beginning from the assumption that it is.

The Referral Appears to Run Ahead of RBC Model Governance

The sequencing of the referral is particularly difficult to reconcile with the NAIC's ongoing RBC Model Governance initiative. Model Governance is currently examining potential gaps in the RBC framework and developing disciplines around materiality, prioritization, consistency and the relationship between policy judgments and technical analysis.

Those are precisely the disciplines that should apply here. Identification of a potential gap is not itself a determination that a material RBC deficiency exists. Nor does identification of a material risk establish that a new capital factor is necessarily the appropriate regulatory response.

Yet while Model Governance continues evaluating potential RBC gaps, the Committee has already directed the Working Group to develop the capital remedy for this particular issue. In practical terms, Model Governance is still examining the question while the Committee referral has already prescribed the answer.

If this issue presents circumstances sufficiently urgent or unique to warrant proceeding ahead of the Model Governance process, the public record should explain why.

The Procedural Precedent Extends Far Beyond Life Reinsurance

CIRCA's concern with the procedural precedent is not limited to offshore reinsurance or the interests of CIRCA members. This flawed procedure should not be used in the future to establish capital requirements affecting property and casualty insurers, health insurers, investments or other business practices.

Stakeholders may disagree strongly about the merits of any particular regulatory proposal while sharing an interest in a process that permits evidence and technical analysis to influence the outcome before the policy determination is settled.

That principle is especially important to those who strongly support state based insurance regulation and share a common interest in ensuring that the processes supporting it are transparent, disciplined and capable of withstanding scrutiny.

The Implementation Objective Should Follow the Analysis

The referral also establishes a year end 2027 implementation objective. CIRCA appreciates the value of establishing regulatory priorities and reasonable timetables. But the timetable should follow the analysis rather than influence its outcome.

A predetermined implementation objective should not create pressure to produce a capital factor regardless of what the technical inquiry ultimately demonstrates. If additional RBC is warranted, the process should provide adequate time for quantitative analysis, impact testing, consideration of mitigants, assessment of unintended consequences and meaningful public comment.

Requested Action

CIRCA respectfully requests that the Financial Condition (E) Committee adopt a process that allows the analysis to precede the remedy by taking the following actions:

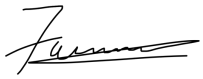
1. Revise or supplement the referral to keep the policy outcome open and permit an evaluation of whether a material residual capital deficiency exists and whether additional RBC is the appropriate regulatory response. The analysis should be capable of concluding that RBC is warranted, that another supervisory response would more effectively address the identified risk, or that existing protections adequately address the concern.
2. Identify an accountable public forum in which interested parties may examine the evidence, assumptions, materiality, existing protections, residual risks and alternative supervisory tools while the policy outcome remains open.
3. Coordinate the inquiry with RBC Model Governance so that the materiality, prioritization and analytical disciplines being developed through that initiative apply to this work.
4. Allow the analysis, rather than a predetermined implementation date, to determine the outcome and timetable, including sufficient opportunity for quantitative assessment, impact testing and public comment before any capital requirement becomes effective.

Permitting interested parties to argue for a smaller factor, or even a factor of zero, does not resolve the underlying concern. Calibration of a predetermined requirement is different from determining whether the requirement should exist.

CIRCA will engage constructively if the analysis demonstrates that additional RBC is appropriate. We ask only that the process remain capable of reaching a different conclusion if the evidence warrants one.

Our request is straightforward: establish the need, evaluate the alternatives, and allow the analysis to determine the outcome.

Respectfully submitted,



Faramarz Romer
Chairman of the Board
Cayman International Reinsurance Companies Association

cc: Executive (EX) Committee
Life RBC (E) Working Group

September 25, 2026

Mr. Nathan Houdek
Financial Condition (E) Committee
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

Re: Referral from Financial Condition (E) Committee to Life Risk Based Capital (E) Working Group

Submitted Electronically

Dear Chair Houdek:

The American Council of Life Insurers supports the Financial Condition (E) Committee's critical objective of ensuring the solvency of US life insurance companies. We recognize that the increased use of global reinsurance markets may potentially reduce transparency with respect to the assets backing liabilities and surplus and raises questions about exposure to reinsurance counterparty risk. At the same time, access to global reinsurance markets provides significant benefits, such as access to additional capital to service protection and retirement needs of consumers and diversification of risk beyond the U.S. market. ACLI believes the interests of consumers, particularly policyholder protection, are paramount and agrees that counterparty risk is a key risk for ceding companies and regulators to consider with reinsured blocks. However, we are concerned that there hasn't been enough public dialogue to ensure that an RBC charge will be appropriately calibrated. An inadequately considered and measured reinsurance recapture charge or a miscalibrated update to the counterparty risk charge has the potential to diminish the benefits of reinsurance without properly addressing the Committee's concerns.

One reason for our concern is that the recapture charge directed by the referral does not appear to be principle based. The recapture charge, as presented, could imply a 100% probability of recapture when the reinsurer is not domiciled in a reciprocal jurisdiction. Diversification in business assumed (for reinsurers) and reinsurance counterparties (for ceding companies) is not mentioned in the referral, and it is not clear if other important factors, including the reinsurance structure, collateralization, and the financial strength of the reinsurer are considered in addition to jurisdiction. As well, the recapture charge and the updated credit risk charge are interrelated and should be derived concurrently, since there would be no need to recapture so long as the reinsurer maintains strong financials and continues to meet all its obligations.

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States.

Another concern is that the referral leaves several important implementation questions open, which are important in the absence of principles to guide its interpretation. Additional clarity on these points could help industry provide more targeted and constructive feedback. As examples:

1) It references the additional capital that would be required if a ceding company had to recapture but does not provide clarity in relation to the NAIC framework's four action levels with different RBC ratio triggers.

2) The distinction between reinsurers located in a reciprocal jurisdiction and reciprocal jurisdiction reinsurers is not addressed in the referral. Qualified Jurisdictions and certified reinsurers also don't appear to be considered. We note that the NAIC framework already recognizes that reinsurers have different risk profiles.

3) It also is not clear what parts of the P/C RBC formula can be reused for life RBC given the risks are so different. Further research and stakeholder engagement would likely be appropriate in determining both the level and the structure of the charges to avoid unintended consequences.

Given the significance and complexity of the contemplated changes, we believe the process would benefit from sufficient time for technical analysis and stakeholder input. For a point of comparison, updating the P/C risk charge to reflect reinsurer credit ratings took seven years. ACLI appreciates the NAIC's need for timely development of the appropriate proposal and wishes to be helpful in providing thoughtful stakeholder input.

We additionally note that the proposal could have implications for consumer costs that warrant careful consideration. New capital requirements for ceding companies, if not developed in a considered manner, would make it more difficult to do business with reinsurers domiciled outside of reciprocal jurisdictions. There could be a disproportionate impact on newer or smaller companies that use reinsurance to transfer risk. All else equal, this could decrease the supply of capital, resulting in reduced diversification and increased consumer prices. While policyholder protection is paramount, charges that exceed the underlying risk or duplicate existing protections could unnecessarily constrain reinsurance capacity, reduce opportunities for risk diversification, and increase costs ultimately borne by consumers.

We would appreciate a discussion of these issues at the Committee's next meeting. We think a transparent and holistic discussion clarifying the Committee's objectives, its concerns, and the policy options available to address them would lead to better outcomes for policyholders, regulators, and industry.

Again, ACLI supports regulators addressing potential solvency concerns and agrees that counterparty risk is a key risk for ceding companies with material reinsured blocks. Please see attached for our comment letter in response to the Working Group's current exposure. Our comments to the Committee and to the Working group are based on our current understanding, and we think additional context and guidance from the Committee would help industry provide better feedback. Our request is for constructive dialogue between industry, the Working Group, and the Committee to ensure that potential changes to RBC address the Committee's concerns and do not have unintended consequences for the market or for consumers.

Sincerely,



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Hans Avery
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(202) 624-2012

cc: Dan Daveline, NAIC; Bruce Jenson, NAIC; Julie Gann, NAIC

September 25, 2026

Mr. Ben Slutsker, Chair
Life Risk-Based Capital (E) Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

Re: Exposure of Reinsurance Recapture Charge from Financial Condition (E) Committee Referral

Submitted Electronically

Dear Chair Slutsker:

ACLI appreciates the opportunity to comment on the recapture risk proposals that the Life Risk Based Capital (E) Working Group (LRBC) has exposed. We acknowledge that the Financial Condition (E) Committee (E Committee) has specifically directed LRBC to develop the recapture risk charge. ACLI supports regulators addressing potential solvency risks and ensuring policyholder protection, and provides these comments in the interest of preserving reinsurance as a tool to support policyholder obligations and enhance policyholder benefits through risk transfer and diversification. ACLI agrees that counterparty risk is a key risk for ceding companies to consider with reinsured blocks.

ACLI supports the objective of appropriately reflecting reinsurance-related risks within the RBC framework. As the proposal continues to be developed, additional clarity regarding the intended calibration, interaction with existing RBC components, and treatment of different reinsurance structures would help stakeholders assess the proposal and provide more targeted feedback.

We ask that LRBC adopt an iterative, consultative process to this referral. We look forward to working with regulators as this project unfolds. To that end, we want to ensure that our understanding of counterparty risk is calibrated with LRBC's understanding as soon as possible so that we can provide constructive feedback on how to best approach updates to the RBC formula. A shared understanding will provide clarity on these considerations before finalizing an approach, as they could materially affect the appropriate scope, structure and calibration of any resulting charge.

We would appreciate the opportunity to discuss the following implementation considerations that have been raised as we review the exposure:

- Greater clarity regarding the policy objective of each item individually and in total, including whether the proposal is intended to increase overall capital requirements or enhance risk sensitivity within the RBC framework, would help stakeholders evaluate the proposal.

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States.

- Understanding whether a target post-recapture RBC ratio or capital outcome is contemplated would provide important context for assessing the proposed calibration.

- Consideration should be given to how diversification benefits are reflected, including whether the use of multiple reinsurers may reduce aggregate recapture risk.

- The framework should consider whether reinsurers supporting a diversified group of ceding companies present different risk characteristics and how those characteristics are reflected in the charge.

- Additional clarity would be helpful regarding whether the recapture risk charge is intended to operate solely within credit risk RBC or affect capital requirements across multiple risk categories.

- The interaction between the recapture risk charge and the counterparty credit risk charge should be clearly defined to avoid unintended double counting of risk.

- Appropriate acknowledgement of the treatment of reciprocal jurisdiction reinsurers, reinsurers located in reciprocal jurisdictions, reinsurers located in qualified jurisdictions, and certified reinsurers would help ensure sound application of the framework.

We appreciate the need to soundly and promptly address regulator concerns. Given the significance and complexity of the contemplated changes, we believe the process would benefit from sufficient time for technical analysis and stakeholder input. We note that this update is likely more complicated than the P/C charge for counterparty risk as a standalone update in that sector because this update covers both counterparty risk charges and recapture risk charges, which are interrelated.

Based on our current understanding, ACLI thinks the factor method deserves to be explored because it is more risk-based and accordingly more appropriate as an RBC charge. Concepts to explore include differences in the level of risk, such as relative size, diversification of the reinsurer, diversification of the ceding company, or reinsurer credit quality as measured through ratings or other financial analyses. Conversely, the non-allowance method is less risk-based. While it has the potential to directly offset the RBC that would be required if a ceding company had to recapture, it assumes recapture is certain. If LRBC continues to consider the non-allowance method, we would suggest adding a factor to represent the likelihood of forced recapture in the event of a reinsurer's insolvency. We would suggest leaving the door open for other solutions for now.

In any case, we encourage LRBC to consider the level of diversification in the ceding company's reinsurance relationships and each assuming company's book of business. All else equal, a company with diversified reinsurers would face lower risk of forced recapture across multiple treaties due to reinsurer insolvency, while a reinsurer with diversified clients and lines of business would present lower risk to its cedants. While diversification can fail during stressed conditions, it still affects the magnitude of risk and increases the likelihood of a partial recovery. Any charge should reflect the actual risk to the cedant that any specific counterparty will become insolvent. Any other type of charge (like a denial of credit) would not appropriately capture the economics of the risk of recapture.

We support LRBC's thoughtful consideration of how appropriate asset levels, asset composition, and collateralization could offset the recapture RBC charge. We think that issue warrants further discussion as the design of the recapture charge develops.

We thank LRBC for a thoughtful response to the E Committee referral, and for explicitly considering other approaches to the method and asset composition. Again, we ask LRBC to meet with us to calibrate our understanding of counterparty risk in reinsurance agreements. We would welcome further conversation on the recapture risk charge, and we look forward to a similarly thoughtful evaluation and reevaluation of counterparty risk charge.

Sincerely,



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cc: Kazeem Okosun, NAIC; Maggie Chang, NAIC

REINSURANCE ASSOCIATION OF AMERICA

September 28, 2026

Commissioner Nathan Houdek
Chair, Financial Condition (E) Committee
National Association of Insurance Commissioners

Re: Referral on Reinsurance Recapture and Counterparty Risk

Dear Commissioner Houdek:

The Reinsurance Association of America (RAA) is the leading trade association of property and casualty reinsurers doing business in the United States. RAA members include U.S.-based and global reinsurance groups that provide reinsurance capacity and risk-transfer solutions to U.S. insurers. RAA supports the NAIC's objective of protecting policyholders by ensuring that ceding insurers remain financially resilient when material reinsurance counterparties experience stress. We also recognize that the Committee's referral represents the beginning of an important regulatory discussion regarding recapture and counterparty risk. RAA welcomes that discussion and the opportunity for regulators, technical experts and interested parties to consider the nature and materiality of the identified risks and the regulatory tools best suited to address them.

Against that background, RAA is concerned with moving directly to development of a separate reinsurance recapture RBC factor for year-end 2027 before that broader policy discussion is complete. The referral directs the Life Risk-Based Capital (E) Working Group toward a prescribed capital solution before interested parties have had a meaningful opportunity to address the threshold question of whether a separate RBC charge is necessary or the appropriate regulatory response. We believe there is value in allowing that discussion to develop before the NAIC commits to a particular capital mechanism.

RAA recognizes that recapture can present a material risk in particular transactions, structures or circumstances and supports effective regulatory safeguards to address that risk. Where such risk is demonstrated, the regulatory response should begin with tools designed to address the specific vulnerability. These include transaction review, collateral requirements, financial analysis and examination, ORSA, concentration monitoring, holding-company supervision and company-specific conditions or capital requirements. These tools can respond directly to the characteristics that create the risk, including collateral, contractual protections, counterparty strength, asset quality, concentration and the cedent's financial capacity. In appropriate cases, they may provide more effective policyholder protection than a broadly applied RBC factor.

The Committee's current exposure regarding the Disclosure of Material Transactions Model Act (#285) is relevant to that analysis. RAA supports the exposure as proposed, including its current focus on material life and annuity reinsurance transactions. That work provides an opportunity to consider whether enhanced transaction-specific regulatory visibility can identify and address higher-risk transactions more directly. RAA believes the NAIC should evaluate that approach, together with the other supervisory tools already available, in determining whether an additional broadly applied RBC requirement is necessary.

RBC serves an important but different purpose from transaction-specific supervisory tools. It measures material solvency risk and facilitates regulatory intervention for weakly capitalized insurers. Accordingly, RBC measures should be used where the NAIC demonstrates a material, measurable and sufficiently broad residual solvency risk that is not adequately addressed through other supervisory tools. A potential supervisory concern does not necessarily establish an RBC gap. The Committee should be targeted in utilizing RBC measures, such as a recapture factor, because a broadly applied factor could have unintended consequences, including affecting transactions that do not present the same risk.

This sequencing is consistent with the NAIC's RBC Model Governance initiative. That workstream has emphasized clearly defined policy questions, materiality, transparency and disciplined evaluation of potential RBC gaps before substantial technical development begins. RAA supports those principles. Applying them here would require identifying the transactions and failure mechanisms producing the concern, assessing existing safeguards, establishing the materiality and prevalence of the residual risk and then determining whether an RBC deficiency remains before designing and calibrating a new factor. Proceeding with development and calibration of a new recapture factor before completing the governance framework intended to guide identification and evaluation of potential RBC gaps risks reversing that sequence.

That analysis should specifically consider the NAIC's ongoing AG 55 work. The Committee's referral relies in part on observations arising from AG 55 reviews. The NAIC recently described AG 55 as part of its intensified oversight of certain life and annuity reinsurance transactions, while the technical framework continues to develop, including additional year-end 2026 AG 55 review guidance under consideration. RAA therefore believes that the regulatory and technical experts responsible for the AG 55 work should play a central role in defining the identified risk, explaining the relevant findings and evaluating the appropriate regulatory response. Their experience can help distinguish transaction-specific supervisory concerns from risks that are sufficiently broad and measurable to warrant a formulaic capital treatment.

RAA is also concerned about the broader consequences of using RBC as the primary regulatory response. Reinsurance transfers underwriting, reserving and other risks and provides corresponding capital, capacity and risk-management benefits to ceding insurers. A separate recapture charge would reduce the capital benefit recognized from that risk transfer and, depending on its scope and calibration, could diminish the effectiveness of reinsurance as a risk-management tool by making otherwise sound transactions less efficient or less attractive. If applied more broadly than the transactions presenting the identified concern, such a factor could alter the economics of reinsurance, affect how insurers manage concentration and volatility, constrain access to reinsurance capacity and create unintended market consequences without a corresponding improvement in policyholder protection or solvency.

RAA appreciates that this work is at an early stage and welcomes continued dialogue as regulators consider these issues. Accordingly, RAA recommends that the Committee pause development and calibration of a recapture factor until the underlying policy question has been subject to public consideration and the NAIC has determined whether the concern represents a supervisory gap, an RBC gap or some combination of the two. That process should include the regulatory and technical experts involved in the underlying AG 55 analysis, interested parties and the NAIC groups responsible for the relevant supervisory tools. Where recapture concerns arise from identifiable transaction-specific risks, targeted supervisory and transaction-review tools should be considered first. RBC should be considered where the NAIC demonstrates that a material, residual and sufficiently broad solvency risk remains that those tools cannot adequately address.

If such a gap is established, RAA would welcome the opportunity to work with the Committee, Capital Adequacy (E) Task Force and Life Risk-Based Capital (E) Working Group on a narrowly targeted and risk-sensitive approach.

We appreciate the Committee's consideration of these comments and look forward to continued dialogue.

Sincerely,



Jeff C. Alton
Senior Vice President, Accounting, Finance & Risk
Reinsurance Association of America

cc: Capital Adequacy (E) Task Force
Life Risk-Based Capital (E) Working Group

MEMORANDUM

To: Ben Slutsker (MN), Chair of the Life Risk-Based Capital (E) Working Group

From: Commissioner Nathan Houdek (WI), Chair of the Financial Condition (E) Committee

Date: October 26, 2026

Re: Reinsurance Recapture Risk for Non-Reciprocal Jurisdictions

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At the Summer National Meeting in Columbus, Ohio, the Financial Condition (E) Committee approved a referral to the Life Risk-Based Capital (E) Working Group directing the working group to take immediate action on issues of concern relating to reinsurance recapture and counterparty risk. That referral was in response to the significant increase in cross-jurisdictional reinsurance activity and the impact on numerous states with domestic companies that have been parties to those reinsurance transactions. This memorandum is specific to the issue of reinsurance recapture risk for cessions to non-reciprocal jurisdictions.

As a reminder, earlier this year, the Valuation Analysis (E) Working Group (VAWG) conducted an analysis of the initial filings required by Actuarial Guideline *LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55). From that analysis, a material number of reinsurance transactions were flagged as raising regulatory concerns which require immediate action by U.S. insurance regulators to ensure adequate policyholder protection.

The following information is being provided in response to comments and questions that have been received by the Life Risk-Based Capital (E) Working Group relating to this recent referral. Specifically, this memorandum provides additional explanation of the identified risks associated with the increase in reinsurance ceded to non-reciprocal jurisdictions and how regulators are focused on mitigating those risks. It should be noted that the AG 55 filings contain company-specific, confidential information which limits the amount of detailed information that can be shared resulting from the VAWG analysis.

Most significantly, VAWG's analysis of the AG 55 filings found that approximately 70% of life insurers ceding to non-reciprocal jurisdictions have portfolios of comparatively riskier assets supporting very generous annuity guarantees that raise significant concerns about the ability to pay future claims under reasonable economic scenarios. Furthermore, the reserves and capital supporting these annuity liabilities may fall below the newly adopted VM-22 annuity reserve standards, as well as U.S. Risk-Based Capital standards. There also continues to be notable growth in both the number of companies pursuing similar business strategies, as well as expansion in the size of existing companies through rapid annuity sales growth backed by higher-risk assets.

The referral to the Life Risk-Based Capital (E) Working Group was predicated upon four general matters from VAWG's analysis of the AG 55 filings, as follows:

1. The potential insufficiency of reserves maintained by the assuming reinsurer to satisfy claims arising under moderately adverse conditions;
2. The potential insufficiency of excess capital to absorb claims arising under conditions more severe than those characterized as moderately adverse;
3. Questions regarding the risk profile of assets supporting the applicable reserve obligations; and
4. Potential high-risk business practices of life insurers participating in transactions involving non-reciprocal jurisdictions.

With respect to matters #1 and #2, in evaluating AG 55 filings, certain transactions generally demonstrate a greater reliance on comparatively optimistic asset-return assumptions to meet capital adequacy requirements.

With respect to matter #3, life insurers participating in certain reinsurance transactions with non-reciprocal jurisdictions have generally pursued more aggressive asset strategies than insurers participating in comparable transactions that do not involve non-reciprocal jurisdictions, based on the review of the AG 55 filings.

With respect to matter #4, certain reinsurance transactions with non-reciprocal jurisdictions involve a significant percentage of life insurers that are newer market entrants or experiencing rapid growth. These insurers tend to pursue more aggressive asset strategies and assume significant liability risk, principally through the issuance of certain annuity products offering credited rates that are comparatively higher than the rest of the industry.

These findings warrant heightened concern, as comparatively generous annuity guarantees backed by higher risk assets have historically contributed to heightened financial distress for insurers. The increased availability of non-reciprocal jurisdiction reinsurance transactions may facilitate these higher-risk business strategies by enabling the issuance of products containing comparatively generous guarantees.

The concerns raised through the AG 55 observations regarding transactions involving non-reciprocal jurisdictions have been further heightened by the experiences of state regulators that have been able to gain insight into them. Among these is a concern about the use of capital and reserving practices in non-reciprocal jurisdictions that combine concepts from incompatible accounting, reserving and capital frameworks, which results in a regulatory framework that lacks coherence.

The magnitude of the observations described in this memo constitutes a serious and urgent solvency concern that requires immediate, direct action. As a result, the Committee has directed, as confirmed by this memo, that the Working Group implement an RBC requirement that approximates the amount of capital that would be required if a ceding company had to recapture reserves ceded to non-reciprocal jurisdictions. For clarity, **this is to be done without regard to the probability of recapture**.

Thank you for the work already put into accomplishing this referral on the requested timeline. Should any further clarification be needed, please contact Dan Daveline (ddaveline@naic.org).