

DRAFT FOR DISCUSSION

ESG Implementation Timeline

Status Key:

Target Date Range
 Old Target Date Range (for items not yet started)

Complete

Number	Milestone	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	2022
1	NAIC Executive Committee approves ESG funding																	
2	Contract executed between NAIC and Conning																	
3	10/27 LATF/LRBC WG meeting on background & deliverables																	
4	Website development: Conning creates page to house prescribed scenarios, documentation, training materials, and tools, with access provided via link on NAIC website. Websites go live by																	
5	Documentation: Conning edits current documentation to include only information relevant to the Basic Data Set. Access to be provided by 12/31/20.						Extension to Deadline											
6	Education sessions: Conning presents ESG overview, calibration, parameters, and tools at LATF/Life RBC WG meetings																	
7	ESG modifications: Potential changes to calibration, parameters, and tools are discussed and exposed for comment at LATF/Life RBC WG meetings						Extension to Deadline											
8	Parameter updates: Proposed frequency of updates is discussed and exposed for comment at LATF/Life RBC WG meeting						Extension to Deadline											
9	Conning's scenario reduction tool (to allow companies to choose a specific number of representative scenarios from a universe of 10,000) is discussed and exposed for comment at LATF/Life RBC WG meeting.						Extension to Deadline											
10	Conning's calibration criteria (to determine whether stratified scenario subsets are sufficiently dispersed relative to the universe of 10,000 scenarios) are discussed and exposed for comment at LATF/Life RBC WG meeting.						Extension to Deadline											
11	Conning's tool to generate scenarios for the VM-20 Stochastic Exclusion Ratio Test is discussed and exposed for comment at LATF/Life RBC WG meeting.						Extension to Deadline											
12	Conning's tool to generate the VM-21 Company Specific Market Path scenarios is discussed and exposed for comment at LATF/Life RBC WG meeting.						Extension to Deadline											
13	Conning's tool to generate statistics, to be determined, on the scenario output, and validation reports (summarizing key characteristics of the Basic Data Set) are exposed for comment at LATF/Life RBC WG meeting.						Extension to Deadline											
14	LATF/LRBC WG meetings to discuss comment letters received on exposures, and approve desired ESG and tool modifications for field testing						Extension to Deadline											
15	Conning makes ESG and tool modifications for field testing							Extension to Deadline										
16	Preparation for reserve and capital field tests						Extension to Deadline											
17	Conduct VM-20 and VM-21 industry field tests to determine life and VA reserve impacts and compile results										Field Testing		Compile Results					
18	Conduct C3 Phase 1 and C3 Phase 2 industry field tests and compile results										Field Testing		Compile Results					

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24	LATF/LRBC WG meetings to discuss 1) aggregate field test results, 2) whether any calibration or parameter changes are needed based on the results (this timeline assumes none), and 3) potential VM and RBC instruction impacts, e.g. phase-in language																	
25	LATF exposes and adopts any necessary VM-20, VM-21, and VM-31 amendments																	
26	NAIC A Committee adopts <i>Valuation Manual</i> amendments																	
27	Conduct field test for fixed deferred and immediate annuities (assumed not to be required to implement new ESG for the 2022 VM since VM-22 framework is targeted for 2023)																	
28	Conning updates documentation to reflect modifications adopted by regulators, and finalizes training materials																	
29	Life RBC WG begins discussion on C3 Phase 1 and C3 Phase 2 instruction changes by 1/31/22 and exposes them for comment by 4/30/22																	
30	Life RBC WG adopts C3 Phase 1 and C3 Phase 2 instruction changes by 6/30/22																	
31	NAIC E Committee adopts RBC changes by 8/31/22																	
32	NAIC Exec/Plenary adopts Valuation Manual amendments																	
33	NAIC Exec/Plenary adopts RBC instruction changes by Dec. 2022																	
34	Conning sets up process to run the Basic Data Set as of each month-end and produce scenarios and related tools																	
35	NAIC and Conning prepare websites for links to final documentation, training materials, scenarios and tools																	
36	New ESG prescribed for VM-21 and VM-22 effective 1/1/22, and for C3 Phase 1 and C3 Phase 2 effective 12/31/22.																	

Note: The intent would be to compare Conning's ESG against the AAA ESG throughout milestones 6-13.