Capital Adequacy (E) Task Force

RBC Proposal Form

[ x ] Capital Adequacy (E) Task Force
[ ] Health RBC (E) Working Group
[ ] Life RBC (E) Working Group
[ ] Catastrophe Risk (E) Subgroup
[ ] Investment RBC (E) Working Group
[ ] SMI RBC (E) Subgroup
[ ] C3 Phase II/ AG43 (E/A) Subgroup
[ ] P/C RBC (E) Working Group
[ ] Stress Testing (E) Subgroup

DATE: 8-6-18

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ON BEHALF OF: Health RBC (E) Working Group
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FOR NAIC USE ONLY
Agenda Item # 2018-14-CA
Year 2019

DISPOSITION
[ x ] ADOPTED 04/07/2019
[ ] REJECTED
[ ] DEFERRED TO
[ ] REFERRED TO OTHER NAIC GROUP
[ x ] EXPOSED Dec. 17, 2018, Feb. 19, 2019
[ ] OTHER (SPECIFY)

IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED
[ x ] Health RBC Blanks
[ x ] Property/Casualty RBC Blanks
[ x ] Life RBC Instructions
[ x ] Fraternal RBC Blanks
[ x ] Health RBC Instructions
[ x ] Property/Casualty RBC Instructions
[ x ] Fraternal RBC Instructions
[ x ] OTHER ______________

DESCRIPTION OF CHANGE(S)
Revise Table 2 of the electronic only stop loss tables to be split out between specific stop loss and aggregate stop loss

REASON OR JUSTIFICATION FOR CHANGE **
The table currently captures stop loss contracts by group size, this would include the number of groups, average specific attachment point and average aggregate attachment. The proposed change would allow for regulators to distinguish between aggregate and specific stop loss data.

Additional Staff Comments:
9-21-18 cgb HRBCWG discussed the proposal on the 9/21 WG call and agreed to refer the proposal to the TF for exposure for all LOB and any comments received to come back to the WG for discussion.
11-16-18 cgb Capital Adequacy Task Force exposed proposal for 30-day comment period ending on Dec.17
1-15-19 cgb Two comment letters received: ACLI and SIIA
2-1-19 cgb Revisions to the proposal were made based on the comments received.
2-1-19 cgb The WG agreed with proposed revisions and agreed to additional revisions. The WG referred the proposal to the TF for re-exposure until 2-19-19.
2-4-19 cgb the TF re-exposed the proposal until 2-19-19 and no comments were received.
04-07-19 cgb The TF adopted the proposal at the Spring National Meeting on 4/7/2019.

** This section must be completed on all forms. Revised 11-2013

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PROCEDURES OF THE FINANCIAL CONDITION (E) COMMITTEE’S CAPITAL ADEQUACY TASK FORCE IN CONNECTION WITH PROPOSED AMENDMENTS TO RISK-BASED CAPITAL BLANKS AND INSTRUCTIONS

The following establishes procedures and rules of the Financial Condition (E) Committee’s Capital Adequacy Task Force (Task Force) with respect to proposed amendments to the NAIC RBC Forecasting (blanks) and Instructions.

1. The Task Force may consider relevant proposals to change the RBC blanks and instructions at the national meeting or designated interim meeting as scheduled by the Task Force.

2. All proposals for suggested changes and amendments shall use NAIC Proposal Forms and shall be stated in a concise and complete manner and include the appropriate blank and instruction modifications. The Proposal Form and its instructions are available online under related documents and resources at [http://www.naic.org/committees_e_capad.htm](http://www.naic.org/committees_e_capad.htm) and should be emailed to the appropriate NAIC staff support.

The following guidelines apply:

- Any proposal that affects a RBC blank must be exposed by the Task Force or its Working Groups by January 31 of the effective year of the change and adopted by the Task Force no later than April 30 of the effective year of the change.
- Any proposal that only affects the instructions or factors must be exposed by the Task Force / Working Group by April 30 and adopted by the Task Force by June 30 of the current year.
- The Task Force may extend the June 30th adoption deadline for previously considered proposals regarding instructions or factors upon a super majority (two-thirds) consent of the Task Force members present where such extension can be no later than July 30th of the current year. This would be considered only in rare circumstances where urgency of such adoption is high.

An illustration of the proposed change to the RBC blank or instructions should accompany the Proposal Form. In addition, an impact analysis will be required for any factor change. If another NAIC Committee, Task Force or Working Group is known to have considered this proposal, that Committee, Task Force or Working Group should provide any relevant information.

The Task Force/Working Group will review the proposal and determine whether to receive the proposal and expose for public comment (initial exposure of at least 30-days) or whether to reject the proposal. The comment period ends at least 10 days prior to the next designated national or interim meeting of the Task Force/ Working Group. The Task Force/Working Group will consider comments received on each proposal at its next meeting. Proposals under consideration may be deferred by the Task Force/Working Group if there is general consensus among members that the proposal has merit but warrants additional work or input. However, the Task Force will limit the number of deferrals to two. The proposal must be acted upon by the third meeting, and absent action, the proposal is deemed to have been rejected and will be removed from the agenda. The Task Force may also refer proposals to other NAIC groups due to their technical expertise or for additional review. If a proposal has been referred to another NAIC group, the proposal will be reprioritized on the working agenda and will be considered again in the form of a modified or new proposal after comments/recommendations are received. The Task Force will review and adopt the working agenda at each National Meeting, if necessary, to ensure all items designated as a priority 1 are being addressed, to add or delete items that have been addressed or to reprioritize the remaining items on the working agenda.

Referrals sent to the Task Force or Working Groups will be reviewed and prioritized by the Task Force/Working Group. If the referral suggests changes to the RBC factors or structural changes for added granularity, an impact analysis will be conducted.

3. Proposals filed with the appropriate NAIC staff support shall be considered at the next regularly scheduled meeting of the Task Force/Working Group if the proposal is filed at least twenty days prior to the meeting. Items filed less than twenty days prior to a regularly scheduled meeting will be considered at the following regularly scheduled meeting.

4. The NAIC staff support shall prepare an agenda of all suggested proposals. The agenda will be posted one week prior to the scheduled meeting.

5. At each meeting, the Task Force/Working Group will review comments that were received by the comment exposure due date for suggested proposals.

revised April 7, 2019
6. NAIC staff support will present to the Task Force/Working Group a list of necessary non-substantive changes discovered in the process of implementing proposals, e.g., reference changes due to new SSAPs or required changes discovered in the process of implementing proposals. The Task Force/Working Group will review these changes and may adopt the appropriate items at any regularly scheduled meeting. Such actions will be documented in the minutes of the Task Force/Working Group. NAIC staff support may also request that the Task Force/Working Group reconsider items adopted, if these items contain substantial errors.

7. The Task Force/Working Group may, when deemed necessary, appoint an Ad Hoc Group to study proposals and/or certain issues.

8. The NAIC will publish each agenda approximately one week prior to each interim or national meeting (including proposals received for comment and comments received) on the NAIC Web site.

9. The NAIC will retain all current and subsequent adopted proposals on the Task Force website up to the publication date of November 1 for current and subsequent years.

10. The NAIC will publish the RBC Forecasting and Instructions for the next subsequent year on, or about November 1 each year. NAIC staff support will post to the NAIC Web site any subsequent corrections to these publications.